



# Business Studies

## Teachers' Guide

### Grade 13

(Implemented from 2017)

Department of Commerce  
Faculty of Science and Technology  
National Institute of Education  
Maharagama

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# Business Studies

## Teachers' Guide

### Grade 13

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Grade 13 - Teachers' Guide

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*Message from the Director General ...*

With the primary objective of realizing the National Educational Goals recommended by the National Education Commission, the then prevalent content based curriculum was modernized, and the first phase of the new competency based curriculum was introduced to the eight year curriculum cycle of the primary and secondary education in Sri Lanka in the year 2007

The second phase of the curriculum cycle thus initiated was introduced to the education system in the year 2015 as a result of a curriculum rationalization process based on research findings and various proposals made by stake holders.

Within this rationalization process the concepts of vertical and horizontal integration have been employed in order to build up competencies of students, from foundation level to higher levels, and to avoid repetition of subject content in various subjects respectively and furthermore, to develop a curriculum that is implementable and student friendly.

The new Teachers' Guides have been introduced with the aim of providing the teachers with necessary guidance for planning lessons, engaging students effectively in the learning teaching process, and to make Teachers' Guides will help teachers to be more effective within the classroom. Further, the present Teachers' Guides have given the necessary freedom for the teachers to select quality inputs and activities in order to improve student competencies. Since the Teachers' Guides do not place greater emphasis on the subject content prescribed for the relevant grades, it is very much necessary to use these guides along with the text books compiled by the Educational Publications Department if, Guides are to be made more effective.

The primary objective of this rationalized new curriculum, the new Teachers' Guides, and the new prescribed texts is to transform the student population into a human resource replete with the skills and competencies required for the world of work, through embarking upon a pattern of education which is more student centered and activity based.

I wish to make use of this opportunity to thank and express my appreciation to the members of the Council and the Academic Affairs Board of the NIE the resource persons who contributed to the compiling of these Teachers' Guides and other parties for their dedication in this matter.

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**Director General**  
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## **Instructions for referring to the Teachers' Guide**

The Business studies syllabus for General Certificate of Education (Advanced Level) is implemented in Sri Lankan school system from 2017 onwards after being revised under the national curriculum revising policy which is implemented once in every eight years. Business studies, an Advanced Level subject was undergone to the first revision on competency based in 2009 has been orderly listed out under 18 competencies. Competencies from 1 to 11 are relevant to grade 12. A practical teaching- learning process that can be implemented in the classroom for 66 competency levels from competencies 12 to 18 in grade 13 syllabus has been proposed in this guide .

This teachers' guide has been compiled all the competency levels prescribed for grade 13 in Business Studies syllabus of General Certificate of Education (Advanced Level). The relevant competency, competency level, the number of periods allocated for that competency level , the learning outcomes expected to have been achieved at the end of the learning are contained first and then proposed instructions for lesson planning, followed by a guideline to explain subject matters are also contained in this guide in great details.

The classroom teaching-learning process is expected to be planned in a manner of Business Studies will be developed parallel to the growth of attitudes , skills and practices of the students. An adequate guidance is expected to be gained for that purpose through this Teachers' Guide.

In this manner ,a teacher has a higher ability to lead the students for practical learning to make them acknowledge with subject matters as well as to keep the classroom alive through planning the lessons for classroom teaching -learning process with reference to the proposed benchmarks under instructions for lesson planning and the detailed facts contained in the guideline to explain subject matters.

This new syllabus that has been implemented from the year 2017 in schools, has already been in use among the teachers in the forms of the syllabus for grade 12 ,13 and the grade 12 teachers' guide. When compiling this teachers' guide, some parts in grade 13 syllabus were subjected to be revised under the recommendation of the subject board. Therefore, it is emphasized here that those revisions have been provided as an appendix in this grade 13 revised syllabus.

Since Business Studies is a practically lively subject , it is expected to enrich the Business Studies subject as well as to perform as a successful teachers at teaching-learning process by expanding the boundaries of the scope of their comprehension, reviewing the updated subject matters simultaneous to the prospective changes that may possibly take place in the business field.

**Ananda Maddumage**  
**Project Leader – Business Studies**  
**Commerce Department**  
**National Institute of Education**

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# Learning Outcomes and Model Activities

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## Grade 13 Syllabus

Competency	Competency Level	Content	Learning Outcomes	No. of periods
<b>12.0</b>  Shows the necessity and importance of management in the achievement of the objectives and the goals of individuals and organizations.	<b>12.1</b> Confirms the necessity and importance of management.	<ul style="list-style-type: none"> <li>• Management concept</li> <li>• Management and its necessity</li> <li>• Efficiency effectiveness and Productivity</li> <li>• The importance of management</li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Management” having studied the accepted definitions.</li> <li>• Confirms the necessity of management for individuals as well as organizations.</li> <li>• Defines the concepts of efficiency, effectiveness, and productivity</li> <li>• Explains the importance of management.</li> </ul>	<b>45</b>  03
	<b>12.2</b> Examines the management process.	<ul style="list-style-type: none"> <li>• Management process</li> <li>• Functions of the management process               <ul style="list-style-type: none"> <li>• Planning</li> <li>• Organizing</li> <li>• Leading</li> <li>• Controlling</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Points out the Shows management is a process.</li> <li>• Depicts the management process in a diagram by identifying it as a process briefly</li> <li>• Explains the importance of the management process briefly.</li> </ul>	03

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>12.3</b> Inquires various management roles of a manager.</p> <p><b>12.4</b> Explains the relationship between the various management levels and</p>	<ul style="list-style-type: none"> <li>• Manager</li> <li>• Roles of a manager               <ul style="list-style-type: none"> <li>• Interpersonal role</li> <li>• Informational role</li> <li>• Decisional role</li> </ul> </li> <li>• Various management levels               <ul style="list-style-type: none"> <li>• Top management level</li> <li>• Middle management level</li> <li>• First line management level</li> </ul> </li> <li>• Skills of managers               <ul style="list-style-type: none"> <li>• conceptual skills</li> <li>• Human skills (Interpersonal relationship)</li> <li>• Technical skills</li> </ul> </li> <li>• The Relationship between various management levels and management skills</li> </ul>	<ul style="list-style-type: none"> <li>• Introduces “ The manager ”</li> <li>• Explains various roles of a manager.</li> <li>• Lists the duties of each managerial role.</li> <li>• Lists the duties of various roles of a manager in a given institution.</li> <li>• Explains clearly to which role a task performed by a manager belongs.</li> <li>• Introduces various management levels in an institution.</li> <li>• provides examples of managers who perform at each management level in various institutions.</li> <li>• Explains skills needed for managers according to each management level.</li> <li>• Points out separately the management skills possessed by a manager in an institution.</li> </ul>	<p>04</p> <p>04</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>12.5</b> Follows a formal method in making decisions.</p> <p><b>12.6</b> prepares plans to achieve objectives effectively.</p>	<ul style="list-style-type: none"> <li>• Decision making</li> <li>• Decision making and problem solving</li> <li>• Process of decision making               <ul style="list-style-type: none"> <li>• Identification of the problem</li> <li>• Analyzing the problem</li> <li>• Developing alternative solutions</li> <li>• Evaluating alternatives and selecting the best alternative</li> </ul> </li> <li>• Preparing a plan</li> <li>• Implementing</li> <li>• Evaluation and feedback.</li> <li>• Planning</li> <li>• Planning process</li> <li>• steps of the planning process               <ul style="list-style-type: none"> <li>• Analysis of the environment</li> <li>• Identification of strengths, weaknesses, opportunities and threats</li> </ul> </li> <li>• Establishing the vision, mission, objectives and goals</li> <li>• Identifying the strategies</li> <li>• Deciding policies actions, rules &amp; regulations</li> <li>• Identifying programs and projects</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the concepts of “Decision Making”.</li> <li>• Lists the steps of the process of decision making.</li> <li>• Explains each step of the process of decision making.</li> <li>• Takes a suitable decision for a problem in conformity with process of decision making.</li> <li>• Interprets “The planning” with generally accepted definitions.</li> <li>• Lists the steps of the process of planning.</li> <li>• Explains each step of the process of planning.</li> <li>• Explains the characteristics of a good planning.</li> <li>• Points out the importance of planning.</li> <li>• Explains the problems and limitations arising in planning.</li> <li>• Prepares a plan for an existing problem in conformity with the steps of the planning process.</li> </ul>	<p>04</p> <p>04</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>12.7</b> Confirms the necessity of organizing for a successful management.</p>	<ul style="list-style-type: none"> <li>• Implementing the plan</li> <li>• Measuring success and controlling</li> <li>• Characteristics of a good planning</li> <li>• Importance of planning</li> <li>• Problems and limitations in planning</li>   <li>• Organizing</li> <li>• Steps of organizing               <ul style="list-style-type: none"> <li>• Identification of work</li> <li>• Division of work</li> <li>• Departmentalization</li> <li>• Delegation of authority and responsibility</li> <li>• Allocation of resources</li> <li>• Establishing standards for work</li> <li>• Co-ordination</li> <li>• Importance of organizing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Organizing”</li> <li>• Lists the steps of organizing.</li> <li>• Explains in brief, each step of organizing.</li> <li>• Explains the each step of organizing taking an existing institution as an example.</li> <li>• Points out the importance of organizing towards the success of an institution.</li> </ul>	<p><b>04</b></p>



Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>12.8</b> Analyses the concepts to be considered at a successful organizing.</p>	<ul style="list-style-type: none"> <li>• Organizational structure</li> <li>• Principles of organizing               <ul style="list-style-type: none"> <li>• Unity of command</li> <li>• Chain of command</li> <li>• Span of control</li> <li>• Power and authority                   <ul style="list-style-type: none"> <li>• Centralization</li> <li>• Decentralization</li> </ul> </li> </ul> </li> <li>• Organizational chart</li> <li>• Informal Organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Explains “The organizational Structure”.</li> <li>• Explains the Unity of Command.</li> <li>• Describes the Chain of Command.</li> <li>• Explains the Span of Control.</li> <li>• Explains how the Power and Authority, are delegated.</li> <li>• Explains the concepts of centralization and decentralization.</li> </ul>	<p><b>04</b></p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>12.9</b> Analyses the characteristics of leadership while inquiring about the leading process.</p>	<ul style="list-style-type: none"> <li>• Leading process               <ul style="list-style-type: none"> <li>• Leadership</li> <li>• Motivation</li> <li>• Communication</li> </ul> </li> <li>• Leadership as a function of leading               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Leadership styles</li> <li>• Situational leadership</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Presents the organizational structure of a business organization through an organizational chart.</li> <li>• Shows the various ways in which an organizational chart can be presented.</li> <li>• Explains how organizational concepts are expressed through an organizational chart.</li> <li>• Points out there are informal organizations in action apart from formal organizations.</li> <li>• Writes the functions of the Process of Leading.</li> <li>• Defines “The leadership” as a function of the process of leading.</li> <li>• Points out the necessity of leadership</li> <li>• Explains the various leadership styles.</li> <li>• Lists the Characteristics of leadership.</li> </ul>	04

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p>12. 10 Shows how motivation helps to the success of the process of leading.</p> <p><b>12.11</b> Shows how communication helps to make the leading process successful.</p>	<ul style="list-style-type: none"> <li>• Characeristics of leadership</li> <li>• Motivation as a function of the leading process</li> <li>• Definition</li> <li>• Importance</li> <li>• Methods of motivation               <ul style="list-style-type: none"> <li>• Financial</li> <li>• Non-financial</li> </ul> </li> </ul> <p>Communication as a function of the leading process</p> <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• The ways in which communication takes place               <ul style="list-style-type: none"> <li>• Vertical communication                   <ul style="list-style-type: none"> <li>• Downward communication</li> <li>• Upward communication</li> </ul> </li> <li>• Horizontal communication</li> </ul> </li> <li>• Fomal and informal communication</li> </ul>	<ul style="list-style-type: none"> <li>• Describes the leadership styles and characterstcs of leadership using a given case.</li> <li>• Defines “The motivation ” as a fimction of the process of leading.</li> <li>• Points out the importance of the motivation</li> <li>• Provides examples for financial motivation methods.</li> <li>• Explains non-financial motivation methods.</li> <li>• Inquires the methods of motivation followed by a selected business institution.</li> <li>• Points out the methods of motivation followed using a given case.</li> <li>• Intepretes “The of communication as a function of the leading process.</li> <li>• Explains the importance of communication.</li> <li>• Describes the various ways that communication takes place in an organization.</li> <li>• Presents examples of various ways of communication using a given case.</li> <li>• Points out how formal and informal communication are important in business communication.</li> </ul>	<p>04</p> <p>03</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
<ul style="list-style-type: none"> <li>Identify deviations</li> </ul>	12.12 Examines the necessity and importance of controlling to achieve the expected goals.	<ul style="list-style-type: none"> <li>Controlling               <ul style="list-style-type: none"> <li>Definition</li> <li>Importance</li> </ul> </li> <li>Process of controlling               <ul style="list-style-type: none"> <li>Establishment of standards</li> </ul> </li> <li>Measure performance               <ul style="list-style-type: none"> <li>Take corrective actions</li> </ul> </li> <li>Types of controlling through given cases.               <ul style="list-style-type: none"> <li>Prevention ( feed - forward control )</li> <li>Process, control ( Concurrent Control)</li> <li>Corrective ( Feed - back control)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Defines “The Controlling”.</li> <li>Lists the steps of Controlling.</li> <li>Explains the each step of controlling process.</li> <li>Explains the each step of controlling controlling.</li> <li>Explains the types of controlling</li> </ul>	04

Competency	Competency Level	Content	Learning Outcomes	No. of periods
<b>13.0</b> <b>Evaluates the contribution of operations management for the success of businesses.</b>	<b>13.1</b> Examines the importance and functions of operations management.	<ul style="list-style-type: none"> <li>• Operations concept</li> <li>• Operations management               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• Functions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains the concept of operations.</li> <li>• Defines “The Operations Management”</li> <li>• Explains the importance of operations management.</li> <li>• Lists the functions of operations management.</li> <li>• Explains each function of operations management in brief.</li> </ul>	<b>45</b>  <b>03</b>
	<b>13.2</b> Suggests a suitable method of production by examining the goods production methods.	<ul style="list-style-type: none"> <li>• Production methods               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Classification                   <ul style="list-style-type: none"> <li>• Definition</li> <li>• Favourable and Unfavourable characteristics</li> </ul> </li> <li>• Batch production                   <ul style="list-style-type: none"> <li>• Definition</li> <li>• Favourable and unfavourable characteristics</li> </ul> </li> <li>• Flow production                   <ul style="list-style-type: none"> <li>• Definition</li> <li>• Favourable and unfavourable characters</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Production Methods”.</li> <li>• Classifies production methods.</li> <li>• Explains each production method.</li> <li>• Points out favourable and unfavourable characteristics of each production method.</li> <li>• Points out the production method used for a particular product.</li> <li>• Classifies cost as fixed cost and variable cost.</li> <li>• Lists the facts to be considered when selecting a production method.</li> <li>• Suggests a suitable production method for a given product.</li> <li>• Points out the necessity of an operational layout plan.</li> <li>• Explains the types of operational layout plans.</li> </ul>	<b>08</b>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>13.3</b> Calculates the Break Even Point comparison to the total revenue and total cost.</p>	<ul style="list-style-type: none"> <li>• Selecting a production method.</li> <li>• Facts to be considered when selecting a production method</li> <li>• Operational layout plan</li> </ul> <ul style="list-style-type: none"> <li>• Total cost</li> <li>• Fixed cost</li> <li>• Variable cost</li> <li>• Total revenue</li> <li>• Break Even Point analysis</li> <li>• Using equation</li> <li>• Using graph</li> <li>• Usefulness of the Break Even Point analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the total cost.</li> <li>• Classifies cost as fixed cost and variable cost.</li> <li>• Provides examples of each type of cost.</li> <li>• Explains the Total Revenue.</li> <li>• Explains Break Even Point.</li> <li>• Calculates the Break Even Point using the equation</li> <li>• Draws the Break Even Point graph using the given information.</li> <li>• Calculates the Break Even Point using graph</li> </ul>	06

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>13.4</b> Shows the facts to be considered for the</p>	<ul style="list-style-type: none"> <li>• Limitations of the Break Even Point analysis</li>   <li>• Purchasing               <ul style="list-style-type: none"> <li>• Materials</li> <li>• Services                   <ul style="list-style-type: none"> <li>• ABC Analysis</li> <li>• The two bin system</li> <li>• Continuous stock reporting</li> <li>• Computer programmes</li> <li>• JIT method</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Calculates the Break Even Point using the equiton.</li> <li>• Draws the Break Even Point graph using the given information.</li> <li>• Calculates the Break Even Point using graph.</li> <li>• Calculates the unit contribution, the number of units and the value of the Break Even Point.</li> <li>• Lists the advantages of the Break Even Point analysis.</li>   <li>• Explains the necessity of purchasing materials and services for an organization.</li> <li>• States examples for materials and services purchasing.</li> <li>• Lists the steps of the process of purchasing.</li> </ul>	<p>04</p> <p>05</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	successful purchase of materials.	<ul style="list-style-type: none"> <li>• Process of purchasing</li> <li>• Facts to be considered in purchasing</li> </ul>	<ul style="list-style-type: none"> <li>• Explains each step of the process of purchasing.</li> <li>• Lists the facts to be considered in purchasing.</li> </ul>	05
	<b>13.5</b> Examines suitable methods for stock controlling.	<ul style="list-style-type: none"> <li>• Stock controlling <ul style="list-style-type: none"> <li>• Definition</li> <li>• Necessity</li> <li>• Methods of stock controlling <ul style="list-style-type: none"> <li>• Method of deciding</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Stock Controlling”.</li> <li>• Explains the necessity of stock controlling.</li> <li>• Describes the various stock control methods separately.</li> </ul>	05
	<b>13.6</b> Decides the necessary stock levels to maintain an optimum stock.	<ul style="list-style-type: none"> <li>• Stock levels <ul style="list-style-type: none"> <li>• Re-order level</li> <li>• Minimum stock level</li> <li>• Maximum stock level</li> </ul> </li> <li>• Calculation of stock levels</li> <li>• Graphical presentation of stock levels</li> </ul>	<ul style="list-style-type: none"> <li>• Describes separately various stock levels required to maintain an optimum stock.</li> <li>• Explains the facts to be considered in calculating stock levels.</li> <li>• Calculates the various stock levels using the given information.</li> <li>• Presents stock levels graphically.</li> </ul>	
	<b>13.7</b> Calculates the Economic Order Quantity considering the costs of stock.	<ul style="list-style-type: none"> <li>• Total costs of stock <ul style="list-style-type: none"> <li>• Stock ordering cost</li> <li>• Stock holding cost</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Classifies the costs related to stock.</li> <li>• Explains the categories of the costs of stock with appropriate examples.</li> <li>• Explains the Economic Order Quantity.</li> </ul>	



Competency	Competency Level	Content	Learning Outcomes	No. of periods
<p><b>14.0</b></p> <p>Evaluates the contribution of marketing management for the success of businesses.</p>	<p><b>14.1</b></p> <p>Examines basic concepts on which marketing is based.</p>	<ul style="list-style-type: none"> <li>• Marketing <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• Market</li> </ul> </li> <li>• Core-concepts of marketing <ul style="list-style-type: none"> <li>• Needs, wants and Demand</li> <li>• Target Market, Positioning and Segmentation</li> <li>• Offerings and Brands</li> <li>• Marketing Channels</li> <li>• Paid, Owned and Earned media</li> <li>• Impression and Engagement</li> <li>• Value and satisfaction</li> <li>• Supply Chain</li> <li>• Competition</li> <li>• Exchange</li> <li>• Transaction</li> <li>• Relationship</li> <li>• Marketing Environment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines ‘Marketing’ using the definitions.</li> <li>• Explains the “Market”.</li> <li>• Lists the core-concepts of marketing.</li> <li>• Explains the core - concepts of marketing.</li> <li>• Explains the importance of marketing</li> </ul>	<p><b>45</b></p> <p>06</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>14.2</b> Compares the various marketing concepts examining the evolution of marketing concepts.</p>	<ul style="list-style-type: none"> <li>• Marketing concepts</li> <li>• Evolution of marketing concepts               <ul style="list-style-type: none"> <li>• Production concept</li> <li>• Product concept</li> <li>• Selling concept</li> <li>• Marketing concept</li> <li>• Customer concept</li> <li>• Social marketing concept</li> <li>• Holistic marketing concept</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explain what marketing concept is</li> <li>• Explains each marketing concept</li> <li>• Analyses marketing concepts comparatively</li> <li>• Explains how the marketing concept changed timely.</li> <li>• Inquires the marketing concept/ concepts that are followed by an existing organization.</li> </ul>	04
	<p><b>14.3</b> Examines the target marketing process.</p>	<ul style="list-style-type: none"> <li>• Market segmentation               <ul style="list-style-type: none"> <li>• Benefits of market segmentation</li> <li>• Basics of consumer market segmentation</li> </ul> </li> <li>• Target market</li> <li>• Market positioning</li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The market Segmentation”</li> <li>• Explains the bases used for consumer market segmentation.</li> <li>• Shows the importance of market segmentation</li> <li>• Explains “The Target Market”.</li> <li>• Divides the market into segments for a particular product.</li> <li>• Explains how to position in the market.</li> </ul>	04

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>14.4</b> Examines the marketing mix and its variables from the point of view of the businessman and the customer.</p>	<ul style="list-style-type: none"> <li>• Marketing mix of goods from the point of view of the businessman (4Ps)               <ul style="list-style-type: none"> <li>• Product</li> <li>• Price</li> <li>• Place</li> <li>• Promotion</li> </ul> </li> <li>• Marketing mix of services from the point of view of the businessman (7Ps = 4Ps + 3Ps)               <ul style="list-style-type: none"> <li>• People</li> <li>• Process</li> </ul> </li> <li>• Physical evidence</li> <li>• Marketing mix from the point of view of the customer (4Cs)               <ul style="list-style-type: none"> <li>• Consumer needs and wants</li> <li>• Cost</li> <li>• Convenience</li> <li>• Communication</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Marketing Mix”</li> <li>• Explains the variables of marketing mix of goods from the point of view of the businessman.</li> <li>• Explains the variables of marketing mix of services from the point of view of the businessman.</li> <li>• Describes the marketing mix from the point of view of the customer.</li> <li>•</li> </ul>	06

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>14.5</b> Shows there are various marketable products.</p>	<ul style="list-style-type: none"> <li>• Products               <ul style="list-style-type: none"> <li>• Goods</li> <li>• Services</li> <li>• Ideas</li> <li>• Events</li> <li>• Persons</li> <li>• Activities</li> <li>• Experiences</li> <li>• Places</li> <li>• Organizations</li> <li>• Information</li> <li>• Various levels of a product</li> <li>• The Main stages of a product life cycle</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines Products.</li> <li>• Classifies products in broad.</li> <li>• Explains each type of products.</li> <li>• States examples for each type of products.</li> <li>• States in which category a product belongs. to using existing products as examples.</li> <li>• Points out the various levels of a product.</li> <li>• Graphs the main stages of a product life cycle</li> </ul>	04

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>14.6</b> Creates a suitable brand for a product.</p> <p><b>14.7</b> Designs an attractive package and a label for a product.</p>	<ul style="list-style-type: none"> <li>• Brand and trade mark               <ul style="list-style-type: none"> <li>• Brand</li> <li>• Trade mark</li> <li>• Relationship and difference between brand and trade mark</li> <li>• Characteristics that should be in brand</li> <li>• Types of brands</li> <li>• Benefit of branding</li> </ul> </li> <li>• Creating a suitable brand for a product.</li> <li>• Packaging               <ul style="list-style-type: none"> <li>• Package</li> <li>• Types of packages                   <ul style="list-style-type: none"> <li>• Primary package</li> <li>• Secondary package</li> <li>• Transportation package</li> </ul> </li> <li>• Facts to be considered when designing a package</li> </ul> </li> <li>• Labelling               <ul style="list-style-type: none"> <li>• Label</li> <li>• Contents of a label</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Introduces “The Brand and The Trade Mark.</li> <li>• Illustrates the characteristics that should be in a brand.</li> <li>• States examples for various types of brands.</li> <li>• Describes benefits gained from a brand for the success of a business.</li> <li>• Creates a suitable brand for a product.</li> <li>• Defines “The Packaging and The Package”.</li> <li>• Explains various levels of the package</li> <li>• Lists the facts to be considered in designing a package.</li> <li>• Explains labeling.</li> <li>• Lists the facts that should be included in a label.</li> <li>• Creates a package and a label for a product.</li> </ul>	<p>04</p> <p>06</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>14.8</b> Examines how to set a suitable price for a product.</p>	<ul style="list-style-type: none"> <li>• Price</li> <li>• Pricing objectives               <ul style="list-style-type: none"> <li>• Survival the market</li> <li>• Maximizing profit</li> <li>• Increasing the market share</li> <li>• Skimming the market</li> <li>• Obtaining the product quality leadership</li> </ul> </li> <li>• Facts to be considered when pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Defines price.</li> <li>• Describes the pricing objectives.</li> <li>• Explains the facts to be considered when pricing.</li> </ul>	03
	<p><b>14.9</b> Suggests suitable distribution channels to distribute products to consumers.</p>	<ul style="list-style-type: none"> <li>• Distribution               <ul style="list-style-type: none"> <li>• Importance</li> <li>• Distribution channels                   <ul style="list-style-type: none"> <li>• Distribution of goods                       <ul style="list-style-type: none"> <li>• Distribution Channels for consumer goods</li> <li>• Distribution channels for industrial goods</li> </ul> </li> </ul> </li> </ul> </li> <li>• Facts to be considered when selecting a suitable channel of distribution channel</li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Distribution.”</li> <li>• Explains the importance of distribution.</li> <li>• Explains the distribution channels available for consumer goods and industrial goods.</li> <li>• Discloses the factors to be considered when selecting a suitable distribution channel.</li> <li>• Suggests suitable distribution channel / channels for a given product.</li> </ul>	04

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>14.10</b> Suggests appropriate promotion strategies to market the products.</p>	<ul style="list-style-type: none"> <li>• Promotion               <ul style="list-style-type: none"> <li>• Importance</li> </ul> </li> <li>• Promotion mix               <ul style="list-style-type: none"> <li>• Advertising</li> <li>• Sales promotion</li> <li>• Personal selling</li> <li>• Public relations</li> <li>• Direct Marketing</li> <li>• Events and experiences</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines “The Promotion”.</li> <li>• Describes the importance of promotion.</li> <li>• Explains the situations that the promotion is important to a business.</li> <li>• Explains the elements of the promotion mix.</li> <li>• Suggests a suitable method / methods of promotion for a product.</li> </ul>	<p><b>04</b></p>

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Competency	Competency Level	Content	Learning Outcomes	No. of periods
<p><b>15.0</b> Examines the ways of using financial management for the success of businesses.</p>	<p><b>15.1</b> Examines the role of financial management in a business.</p>	<ul style="list-style-type: none"> <li>• Financial management               <ul style="list-style-type: none"> <li>• Objectives of financial management</li> <li>• Financial management decisions                   <ul style="list-style-type: none"> <li>• Investment decisions</li> <li>• Financial decisions</li> </ul> </li> </ul> </li> <li>• Financial planning and controlling of a business.               <ul style="list-style-type: none"> <li>• Budgeting                   <ul style="list-style-type: none"> <li>• Cash budget introduction and benefits</li> <li>• Capital budget introduction and benefits</li> </ul> </li> <li>• Cash flow statement, introduction and its benefits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains “The Financial Management”.</li> <li>• Explains the objectives goals of financial management.</li> <li>• Analyses financial decisions taken to achieve the objectives of financial management.</li> <li>• Highlights the need of financial planning and control.</li> <li>• Explains budgeting and cash flow statements as the instruments used for financial planning and control.</li> </ul>	<p style="text-align: center;"><b>45</b></p> <p style="text-align: center;"><b>05</b></p>



Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>15.2</b> Evaluates alternative sources of finance available to fulfil the financial requirements of a business.</p>	<ul style="list-style-type: none"> <li>• Financial requirements of a business               <ul style="list-style-type: none"> <li>• Long-term financial requirements</li> <li>• Short-term financial requirements</li> </ul> </li> <li>• Sources of finance</li> <li>• Classification of sources of finance               <ul style="list-style-type: none"> <li>• Internal - External</li> <li>• Direct - Indirect</li> <li>• Long term- Short Term</li> </ul> </li> <li>• Factors to be considered when fulfilling the financial requirements</li> <li>• Advantages and disadvantages of alternative sources of finance</li> </ul>	<ul style="list-style-type: none"> <li>• Lists the financial requirements of a business.</li> <li>• Classifies the financial requirements of a business.</li> <li>• Classifies the sources of finance in various bases.</li> <li>• Explains advantages and limitations of alternative sources of finance.</li> <li>• States examples for various sources of finance.</li> <li>• Lists the factors to be considered when fulfilling the financial requirements.</li> <li>• Suggests the suitable sources of finance to a given business.</li> </ul>	05

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>15.3</b> Studies the alternative sources of investments.</p> <p><b>15.4</b> Analyses the financial position of a business using financial ratios.</p> <p><b>15.5</b> Studies the participation of a financial market in</p>	<ul style="list-style-type: none"> <li>• Investments</li> <li>• Sources / decisions of investments               <ul style="list-style-type: none"> <li>• Long-term investments                   <ul style="list-style-type: none"> <li>• Invest on non-current assets</li> <li>• Invest on capital market instruments</li> </ul> </li> <li>• Short-term investments</li> </ul> </li> <li>• Financial analysis</li> <li>• Financial statements</li> <li>• Financial ratios               <ul style="list-style-type: none"> <li>• Profitability ratios</li> <li>• Liquidity ratios</li> <li>• Financial stability ratios</li> <li>• Efficiency ratios</li> <li>• Investing ratios</li> </ul> </li> <li>• Financial system in Sri Lanka               <ul style="list-style-type: none"> <li>• Definition</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines investments.</li> <li>• Explains investments decisions.</li> <li>• Classifies investments decisions as long-term and short-term.</li> <li>• Explains the importance of investment decisions of the success of business.</li> <li>• Explains how the financial statements support for financial analysis.</li> <li>• Explains financial statements which important for the financial managers.</li> <li>• Explains the ratio analysis which is used as a main method for financial analysis.</li> <li>• Calculates the financial ratios using given data.</li> <li>• Uses financial ratio analysis to take correct financial decisions.</li> <li>• Defines the financial system in Sri Lanka.</li> <li>• Describes the composition of financial system in Sri Lanka.</li> <li>• Defines financial market.</li> </ul>	<p>06</p> <p>05</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	relation to financial management.  <b>15.6</b>	<ul style="list-style-type: none"> <li>• Composition               <ul style="list-style-type: none"> <li>• Financial institutions</li> <li>• Financial Instruments</li> <li>• Financial infrastructure facilities</li> <li>• Financial market</li> <li>• Central bank</li> </ul> </li> <li>• Financial market               <ul style="list-style-type: none"> <li>• Money market</li> <li>• Capital market</li> </ul> </li> <li>• Composition of financial market               <ul style="list-style-type: none"> <li>• Inter-bank call money market</li> <li>• Domestic foreign exchange market</li> <li>• Government securities market</li> <li>• Corporate bonds market (Debentures market)</li> <li>• Share market</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Classifies financial market based on the maturity period of financial instruments.</li> <li>• Shows the composition of the financial market.</li> <li>• Describes separately each sub-market in money market.</li> <li>• Describes separately each sub-market in the capital market.</li> </ul>	06

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p data-bbox="495 256 824 384">Studies the performance of the financial market in Sri Lanka.</p> <p data-bbox="495 884 824 1062"><b>15.7</b> Examines the activities of Colombo Stocks Exchange.</p> <p data-bbox="495 1078 824 1302"><b>15.8</b> Studies the securities exchange in the share market and benefit of them.</p> <p data-bbox="495 1318 824 1497"><b>15.9</b> Evaluates the performance of the Colombo Stock Exchange.</p>	<ul style="list-style-type: none"> <li data-bbox="837 252 1323 331">• Instruments exchanged in the financial market</li> <li data-bbox="837 384 1205 528">• Colombo Stocks Exchange <ul style="list-style-type: none"> <li data-bbox="869 443 1016 475">• Definition</li> <li data-bbox="869 496 1039 528">• Importance</li> </ul> </li> <li data-bbox="837 555 1240 635">• Primary market and secondary market</li> <li data-bbox="837 655 1352 903">• The registering ways of a company in the Colombo Stocks Exchange <ul style="list-style-type: none"> <li data-bbox="869 762 1160 794">• Offer for subscription</li> <li data-bbox="869 815 1061 847">• Offer for sale</li> <li data-bbox="869 868 1048 900">• Introduction</li> </ul> </li> <li data-bbox="837 927 1317 1007">• Securities exchanged in the Colombo Stocks Exchange <ul style="list-style-type: none"> <li data-bbox="869 1034 1093 1066">• Ordinary shares</li> <li data-bbox="869 1086 1115 1118">• Preference shares</li> <li data-bbox="869 1139 1084 1171">• Share warrants</li> <li data-bbox="869 1192 1167 1224">• Corporate debentures</li> <li data-bbox="869 1244 1167 1276">• Government securities</li> </ul> </li> <li data-bbox="837 1310 1227 1390">• Benefits of investing in securities <ul style="list-style-type: none"> <li data-bbox="869 1369 1061 1401">• Direct benefit</li> <li data-bbox="869 1422 1055 1453">• Dividends</li> <li data-bbox="869 1474 1039 1506">• Interests</li> <li data-bbox="869 1527 1205 1559">• Reserves capitalization</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li data-bbox="1368 256 1912 336">• Describes financial instruments exchanged in the financial market.</li> <li data-bbox="1368 464 1845 496">• Defines Colombo Stocks Exchange.</li> <li data-bbox="1368 517 1944 596">• Explains how important the Colombo Stocks Exchange to the Sri Lankan economy.</li> <li data-bbox="1368 624 1944 703">• Explains the differences between primary and secondary share market.</li> <li data-bbox="1368 724 1944 804">• Explains how can be registered Ltd, companies in the Colombo Stock Exchange.</li> <li data-bbox="1368 831 1912 911">• Lists the securities exchanged in Colombo Stocks Exchange</li> <li data-bbox="1368 932 1890 1011">• Describes each security exchange in the Colombo Stocks Exchange.</li> <li data-bbox="1368 1038 1944 1118">• Explains direct and indirect benefits of investing in securities separately.</li> <li data-bbox="1368 1139 1935 1219">• States the price indices used to measure the performance of the stock market.</li> <li data-bbox="1368 1246 1944 1326">• Explains each price index of the stock market.</li> <li data-bbox="1368 1347 1912 1426">• Evaluates the importance of stock market indices.</li> </ul>	04

Competency	Competency Level	Content	Learning Outcomes	No. of periods
<b>16.0</b> Examines the way of using human resource efficiently for the success of Business.	<b>16.1</b> Examines the importance and functions of human resource management.	<ul style="list-style-type: none"> <li>• Human resource management <ul style="list-style-type: none"> <li>• Definition</li> <li>• Specialities of human resource in comparison to other resources</li> <li>• Goals and the importance of human resource management</li> <li>• Functions of human resource management</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines human resource management.</li> <li>• Explains specialities of human resource in comparison to other resources.</li> <li>• Explains the goals of human resource management.</li> <li>• Explains the importance of human resource management.</li> <li>• Lists the functions of human resource management.</li> </ul>	<b>45</b>  04
	<b>16.2</b> Evaluates the necessity of job designing and job analysis.	<ul style="list-style-type: none"> <li>• Job designing</li> <li>• Job analysis <ul style="list-style-type: none"> <li>• Job description</li> <li>• Job specification</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines the job designing.</li> <li>• Explains the job analysis.</li> <li>• Lists all information included in job description and job specification.</li> <li>• Prepares a job description and a job specification for a selected job.</li> </ul>	06

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>16.3</b> Prepares the human resource plan necessary for the existence of an organization.</p>	<ul style="list-style-type: none"> <li>• Human resource planning</li> <li>• Importance of human resource planning</li> <li>• Facts to be considered when planning human resource</li> <li>• Steps of human resource planning               <ul style="list-style-type: none"> <li>• Forecasting human resource demand</li> <li>• Analyzing existing human resource</li> <li>• Planning internal supply of employees</li> <li>• Planning external supply of employees</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines the human resource planning.</li> <li>• Shows the importance of human resource planning.</li> <li>• Examines the facts to be considered when planning human resource.</li> <li>• Lists the steps of human resource planning.</li> <li>• Forecasts the necessity of human resource in future for a given institution.</li> </ul>	05
	<p><b>16.4</b> Studies the ways of attracting suitable people for employment in an organization.</p>	<ul style="list-style-type: none"> <li>• Employees attraction</li> <li>• Ways of attraction               <ul style="list-style-type: none"> <li>• Internal</li> <li>• External</li> </ul> </li> <li>• Advantages and disadvantages of each attraction way</li> </ul>	<ul style="list-style-type: none"> <li>• Defines attraction of employees.</li> <li>• Explains the ways in which personnel could be attracted.</li> <li>• Gives examples for internal ways of attraction.</li> <li>• Gives examples for external ways of attraction.</li> <li>• Lists the advantages and disadvantages of internal and external ways of attraction.</li> <li>• Suggests the actions that can be taken for attracting employees for a selected institution.</li> </ul>	05

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>16.5</b> Prepares the job advertisement to recruit employees.</p> <p><b>16.6</b> Suggests suitable methods to select suitable applicants from the attracted applicants.</p> <p><b>16.7</b> Studies the procedure of hiring.</p>	<ul style="list-style-type: none"> <li>• Job advertisement</li> <li>• Information included in a job advertisement</li> <li>• places where jobs are advertised               <ul style="list-style-type: none"> <li>• Notice board</li> <li>• Newspaper</li> <li>• Internet</li> <li>• Television</li> <li>• Other</li> </ul> </li> <li>• Selection</li> <li>• Facts to be considered when selection               <ul style="list-style-type: none"> <li>• Knowledge</li> <li>• Attitudes</li> <li>• Skills</li> <li>• Physical and mental suitability</li> </ul> </li> <li>• Methods of selecting               <ul style="list-style-type: none"> <li>• Evaluation of application</li> <li>• Interviews</li> <li>• IQ tests</li> <li>• Personality tests</li> <li>• Practical tests</li> <li>• Medical tests</li> <li>• Background tests</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Prepare a list with details included in a job advertisement.</li> <li>• Shows the media to be advertised the job advertisement.</li> <li>• prepares a job advertisement for a particular job.</li> <li>• Defines selection.</li> <li>• Explains the facts to be considered when selecting employees.</li> <li>• Lists the various methods of selecting.</li> <li>• Explains each method of selecting.</li> </ul>	<p>05</p> <p>05</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>16.8</b> Suggests the procedures can be taken to develop and retain human resource of the organization.</p> <p><b>16.9</b> Examines the evaluating criteria of the success of human resource management.</p>	<ul style="list-style-type: none"> <li>• Methods of hiring employees <ul style="list-style-type: none"> <li>• Permanent</li> <li>• Casual</li> </ul> </li> <li>• Appointment letter <ul style="list-style-type: none"> <li>• Importance of an appointment letter</li> <li>• Content of an appointment letter</li> <li>• Format of an appointment letter</li> </ul> </li> <li>• Probation period</li> <li>• Induction</li> </ul> <ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Training and development <ul style="list-style-type: none"> <li>• Training methods</li> <li>• Development methods</li> <li>• Benefits of training and development <ul style="list-style-type: none"> <li>• To the employee</li> <li>• To the employer</li> </ul> </li> </ul> </li> <li>• Employee movement <ul style="list-style-type: none"> <li>• Promotion</li> <li>• Transfer</li> <li>• Layout</li> <li>• Termination of service</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains the methods of hiring employees.</li> <li>• Explains the appointment letter related with hiring.</li> <li>• Explains the necessity of an appointment letter.</li> <li>• Lists the facts included in an appointment letter.</li> <li>• Prepares a format for an appointment letter.</li> <li>• Explains the induction.</li> <li>• Describes the probationary period.</li> </ul> <ul style="list-style-type: none"> <li>• Explains the performance appraisal.</li> <li>• Lists the differences of training and development.</li> <li>• Describes methods of training and development separately.</li> <li>• List the benefits of training and development to the employee and employer separately.</li> <li>• Describes the employee movement.</li> </ul>	<p>05</p> <p>05</p>



Competency	Competency Level	Content	Learning Outcomes	No. of periods
		<ul style="list-style-type: none"> <li>• Evaluation criteria of human resource management functions</li> <li>• Labour turnover</li> <li>• Absenteeism</li> <li>• Labour productivity</li> <li>• Industrial relations               <ul style="list-style-type: none"> <li>• Benefits of good industrial relations</li> <li>• Consequences of poor industrial relations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Lists the evaluation criteria of human resource management functions.</li> <li>• Explains each criteria briefly.</li> <li>• Defines industrial relations.</li> <li>• Lists the benefits of good industrial relations.</li> <li>• Explains the consequences of poor industrial relations.</li> </ul>	05

Competency	Competency Level	Content	Learning Outcomes	No. of periods
<b>17.0</b> Inquires how information systems contribute for the success of businesses.	<b>17.1</b> Classifies information examining the data processing.	<ul style="list-style-type: none"> <li>• Data</li> <li>• Information</li> <li>• Deference between data and information</li> <li>• Data processing               <ul style="list-style-type: none"> <li>• Functions</li> <li>• Technology</li> </ul> </li> <li>• Characteristics of information</li> <li>• Classification of information</li> </ul>	<ul style="list-style-type: none"> <li>• Defines what is data and information.</li> <li>• Explains the difference between data and information.</li> <li>• Explains about the data processing.</li> <li>• Shows the characteristics of information.</li> <li>• Classifies the information on various criteria.</li> <li>• Generates information through given data.</li> </ul>	<b>35</b>  05
	<b>17.2</b> Examines the importance and the role of the information system of a business.	<ul style="list-style-type: none"> <li>• Information systems</li> <li>• Necessity and importance of an information system</li> <li>• Role of an information system</li> </ul>	<ul style="list-style-type: none"> <li>• Explains what is an information system.</li> <li>• Explains the necessity and importance of an information system.</li> <li>• Explains the role of an information system.</li> </ul>	05

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>17.3</b> Classifies information systems according to the level of their usage examining the methods of classifying of information systems.</p>	<ul style="list-style-type: none"> <li>• Classification of information systems               <ul style="list-style-type: none"> <li>• According to the level of usage</li> <li>• According to the usage</li> <li>• According to management function</li> </ul> </li> <li>• Information systems according to the level of usage               <ul style="list-style-type: none"> <li>• Strategic level</li> <li>• Management level</li> <li>• Knowledge level</li> <li>• Operational level</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Shows the criteria used to classify the information systems.</li> <li>• Classifies the information systems according to levels of usage.</li> <li>• Gives examples for the users of information systems according to the levels of usage.</li> </ul>	05
	<p><b>17.4</b> Classifies information systems according to usage.</p>	<ul style="list-style-type: none"> <li>• Information systems according to usage               <ul style="list-style-type: none"> <li>• Transactions Processing Systems (TPS)</li> <li>• Knowledge Work Systems (KWS)</li> <li>• Office Automation Systems (OAS)</li> <li>• Business Intelligence systems (BIS)</li> <li>• Management Information Systems (MIS)</li> <li>• Decision Support Systems (DSS)</li> <li>• Executive Support Systems (ESS)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Classifies information systems according to usage.</li> <li>• Explains the characteristics of each information system according to usage.</li> <li>• Explains the role of each information system according to usage.</li> </ul>	05

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>17.5</b> Classifies information systems according to management functions.</p> <p><b>17.6</b> Reveals the benefits of information technology by enquiring about it.</p>	<ul style="list-style-type: none"> <li>• Information systems according to management functions               <ul style="list-style-type: none"> <li>• Marketing information systems</li> <li>• Financial management information systems</li> <li>• Operational information systems</li> <li>• Human Resource management information systems</li> <li>• Research and development information systems</li> </ul> </li> <li>• Relationship among various information systems</li> <li>• Information technology               <ul style="list-style-type: none"> <li>• Definition</li> </ul> </li> <li>• Other technologies related to information technology               <ul style="list-style-type: none"> <li>• Computation technology</li> <li>• Communication technology</li> <li>• Information management technology</li> </ul> </li> <li>• Importance of information technology</li> <li>• Benefits of information technology</li> </ul>	<ul style="list-style-type: none"> <li>• Classifies the information systems according to functions of management.</li> <li>• Explains the characteristics of each information system according to management functions.</li> <li>• Explains the relationship among each information system.</li> <li>• Explains what is information technology.</li> <li>• Explains the other technologies related to information technology.</li> <li>• Shows the importance of information technology.</li> <li>• Lists the benefits of information technology.</li> </ul>	<p>05</p> <p>05</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>17.7</b> Uses internet to communicate information.</p>	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Services provided by the internet               <ul style="list-style-type: none"> <li>• World Wide Web (www)</li> <li>• Electronic mail (e-mail)</li> <li>• File transfer protocol</li> <li>• Chat facilities</li> <li>• News groups</li> <li>• Tele computing</li> </ul> </li> <li>Social networks               <ul style="list-style-type: none"> <li>• Face book</li> <li>• Twitter</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains the internet.</li> <li>• Explains the services provided by the internet.</li> <li>• Explains how internet can be used for the daily personal activities to make them easy.</li> <li>• Explains how internet helps to organizational activities to make them easy.</li> <li>• Shows how social networks can be used by the businesses.</li> </ul>	05

Competency	Competency Level	Content	Learning Outcomes	No. of periods
<p><b>18.0</b> Prepares a business plan to start and expand a business.</p>	<p><b>18.1</b> Exhibits the readiness to prepare a business plan suitable to the business idea examining the components of a business plan.</p>	<ul style="list-style-type: none"> <li>• Business idea</li> <li>• Factors to be considered when selecting a business idea               <ul style="list-style-type: none"> <li>• Macro Factors</li> <li>• Micro Factors</li> </ul> </li> <li>• Business plan               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• Factors to be considered when preparing a business plan.</li> <li>• Contents of a business plan                   <ul style="list-style-type: none"> <li>• Front page</li> <li>• Executive summary</li> <li>• Description of the business</li> <li>• Marketing plan</li> <li>• Operational plan</li> <li>• Human resource plan</li> <li>• Financial plan</li> <li>• Apendix</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains what is a business idea.</li> <li>• Explains the macro and micro factors to be considered when selecting a suitable business idea.</li> <li>• Selects a suitable business idea after macro and micro analysing.</li> <li>• Explains what is business plan.</li> <li>• Explains the importance of a business plan.</li> <li>• Shows the facts to be considered when preparing a business plan.</li> <li>• Lists the content of a business plan.</li> </ul>	<p><b>40</b>  04</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>18.2</b> Prepares the marketing plan that suitable to the business idea.</p>	<ul style="list-style-type: none"> <li>• Marketing plan               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• Factors to be included                   <ul style="list-style-type: none"> <li>• Industry and market analysis</li> <li>• Product (Goods or Service)</li> <li>• Analyzing the competition</li> <li>• Marketing strategies of the competitors</li> </ul> </li> <li>• Proposed marketing strategies                   <ul style="list-style-type: none"> <li>• Product strategies</li> <li>• Pricing strategies</li> <li>• Distribution strategies</li> <li>• Promotional strategies</li> </ul> </li> <li>• Annual sales forecast</li> <li>• Marketing expenses</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Defines the marketing plan.</li> <li>• Shows the importance of marketing plan.</li> <li>• Explains the content of a marketing plan.</li> <li>• Prepares the marketing plan using given information.</li> <li>• Explains what is operational plan.</li> </ul>	06

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>18.3</b> Prepares the operational plan according to the marketing plan.</p>	<ul style="list-style-type: none"> <li>• Operational plan</li> <li>• Definition</li> <li>• Importance</li> <li>• Content               <ul style="list-style-type: none"> <li>• Production capacity</li> <li>• Fixed assets requirements</li> <li>• Raw material requirements</li> <li>• Employee requirements</li> <li>• Annual production overheads</li> <li>• Factory layout</li> <li>• Waste disposal</li> <li>• Social and environmental influences</li> </ul> </li> <li>• Total production cost and unit cost</li> <li>• Operational functions and expenses prior to commence the business</li> </ul>	<ul style="list-style-type: none"> <li>• Explains the importance of operational plan.</li> <li>• Explain the content of a operational plan.</li> <li>• Prepares the operational plan using given information</li> <li>• Explains the human resources plan.</li> </ul>	06



Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>18.4</b> Prepares the human resources plan of the business.</p>	<ul style="list-style-type: none"> <li>• Human resources plan               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• Content                   <ul style="list-style-type: none"> <li>• Particulars about entrepreneurs or partners</li> <li>• Management skills</li> <li>• Basic positions and responsibilities of the organizational structure</li> <li>• Organizational chart</li> <li>• Annual expenses</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains the importance of preparing a human resources plan.</li> <li>• Explains the contents of a human resources plan.</li> <li>• Prepares a human resources plan using given information.</li> </ul>	06
	<p><b>18.5</b> Prepares the financial plan of the business.</p>	<ul style="list-style-type: none"> <li>• Financial plan               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Importance</li> <li>• Content                   <ul style="list-style-type: none"> <li>• Project cost                       <ul style="list-style-type: none"> <li>• Total fixed cost</li> <li>• Total operational cost</li> <li>• Total working capital</li> </ul> </li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains the financial plan.</li> <li>• Explains the importance of preparing a financial plan.</li> <li>• Lists the documents to be included in a financial plan.</li> <li>• Explains the each component of the financial plan.</li> <li>• Explains the factors to be included under the each component of the financial plan.</li> </ul>	08

Competency	Competency Level	Content	Learning Outcomes	No. of periods
		<ul style="list-style-type: none"> <li>• Estimated income statement               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Content                   <ul style="list-style-type: none"> <li>• Sales income</li> <li>• Cost of sales</li> <li>• Gross profit</li> <li>• Operational profit</li> <li>• Profit after tax</li> </ul> </li> </ul> </li> <li>• Estimated cash flow statement               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Content                   <ul style="list-style-type: none"> <li>• Cash inflows</li> <li>• Cash outflows</li> </ul> </li> </ul> </li> <li>• Estimated statement of financial position.               <ul style="list-style-type: none"> <li>• Definition</li> <li>• Content                   <ul style="list-style-type: none"> <li>• Non current assets</li> <li>• Current assets</li> <li>• Non current liabilities</li> <li>• Current liabilities</li> <li>• Total equity</li> </ul> </li> </ul> </li> <li>• Schedule of repayments of loan.</li> </ul>	<ul style="list-style-type: none"> <li>• Estimates the project cost that should be included in the financial plan using given information.</li> <li>• Prepares the estimated income statement that should be included in the financial plan using given information.</li> <li>• Prepares the estimated cash flow statement that should be included in the financial plan using given information.</li> <li>• Prepares the estimated statement of financial position that should be included in the financial plan using the given information.</li> <li>• Prepares the estimated schedule of repayments of loan that should be included in the financial plan using given information.</li> </ul>	

Competency	Competency Level	Content	Learning Outcomes	No. of periods
	<p><b>18.6</b> Evaluates the feasibility of the business idea according to the business plan.</p> <p><b>18.7</b> Prepares the executive summary</p>	<ul style="list-style-type: none"> <li>• Analysis of financial statements and non-financial statements.               <ul style="list-style-type: none"> <li>• Non financial criteria                   <ul style="list-style-type: none"> <li>• Do raw material available</li> <li>• Can it be implemented</li> <li>• Contribution to the society</li> <li>• Does it environmental friendly</li> <li>• Does it having going concern</li> </ul> </li> <li>• Financial criteria                   <ul style="list-style-type: none"> <li>• Break even point analysis</li> <li>• Ratio analysis</li> </ul> </li> </ul> </li> <li>• Executive summary               <ul style="list-style-type: none"> <li>• Definition</li> <li>• importance</li> <li>• Content                   <ul style="list-style-type: none"> <li>• Name and the address of the entrepreneur</li> <li>• History of the business</li> <li>• Business objectives</li> <li>• Product ( goods or service )</li> <li>• Market in which to be competed</li> <li>• Reasons for the success of the business and to receive competitive advantages</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Explains what is Analysis of Financial Statements.</li> <li>• Explains the non-financial criteria used in financial statement analysis.</li> <li>• Lists the financial criteria used in financial statement analysis.</li> <li>• Take decisions about a business according to analysis of financial statements.</li>   <li>• Explains the executive summary.</li> <li>• Shows the importance of executive summary.</li> <li>• Explains the content of an executive summary.</li> </ul>	<p>05</p> <p>05</p>

Competency	Competency Level	Content	Learning Outcomes	No. of periods
		<ul style="list-style-type: none"> <li>• Main management team</li> <li>• Total investment               <ul style="list-style-type: none"> <li>• Owners contribution</li> <li>• Expected amount of borrowings</li> </ul> </li> </ul>		<div style="text-align: right; border-top: 1px solid black; border-left: 1px solid black; border-right: 1px solid black; padding-top: 5px;"><b>300</b></div>

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**Competency 12.0 :Points out the necessity and importance of management in the achievement of goals and objectives of individuals and organizations.**

**Competency Level 12.1 : Confirms the necessity and importance of Management.**

**No of periods : 03**

**Learning Outcomes :**

- Defines management by studying the accepted definitions.
- Confirms the necessity of management for the achievement of goals of individuals as well as organizations.
- Defines the concepts of effectiveness, efficiency and productivity.
- Points out the relationship among effectiveness, efficiency and productivity.
- Explains the importance of management.

### **Instructions for Lesson Planning**

- Write on the board the following Sinhala term referring to "Management" as follows.  
කළ +මනා +කරණය
- Discuss with the students the meanings of the above term.
- Explain the students that this means "Doing the things that are to be done"
- Inquire from the students about the instances where the term "Management" is used.  
Example: Financial Management, Waste Management, Marketing Management, Time Management.
- Discuss with the students the definitions about the management that have been put forward by various philosophers.
- Build up a wide explanation for management with the students by highlighting the followings that are in the definitions.
  - Dynamic business environment
  - Institution and organization
  - Goals and objectives
  - Business resources
  - Effectiveness
  - Efficiency
  - Productivity
  - Process

- Discuss with the students about the importance of management and the way it is required for the fulfillment of the goals and objectives of organizations as well as individuals.

### **A Guideline to Explain Subject Matters.**

- Given below are few definitions that have been put forward for management.
  - "Management is the art of getting things done through other people"  
(Mary Parker Follet)
  - "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"  
(James A. F. Stoner and Freeman)
  - "Management" is the process of working with and through others to achieve organizational objectives in a changing environment. Central to this process is the effective and efficient use of limited resources.  
(Robert Kreitner)

According to the above definitions, Management can be broadly defined as follows.

- "Management is an effective process of planning, organizing, leading and controlling of the resources of an organization efficiently and effectively to achieve the stated goals and objectives of an organization in a dynamic business environment."
- **Concepts that are in the definition.**
  - **Dynamic Business Environment**  
The internal and external environments that are constantly subjected to change in various situations are known as dynamic business environment.
  - **Institute / Organization**  
A union of people who work together to fulfill a certain goal or goals can simply be introduced as an organization. Institutions/organizations function in order to achieve goals and objectives as well.

- **Goals and Objectives.**

The results that an institute expects to attain in the long run can be introduced as goals, and if the result of such a broad goal of an organization in a more specified manner, that can be said as an objective.

- **Business Resources.**

Everything that is used as an input in business activities is known as resources. These resources can be classified in various ways.

(1)

- Men
  - Money
  - Materials
  - Machines
  - Methods
  - Market
  - Minute/Time
  - Concepts
  - Customers
- } 7 Ms

(2)

- Human Resources
- Physical Resources
- Financial Resources
- Information Resources
- Time Resources

(3)

- Land
- Labor
- Capital
- Entrepreneurship

- **Effectiveness**

Effectiveness explains how far the organization is achieving its expected objectives correctly. In other words, selecting the right thing or “doing the right thing” is effectiveness.

- **Efficiency**

Obtaining a maximum output using minimum resources in achieving goals and objectives is known as efficiency. “Doing the thing right is efficiency.”

- The relationship between efficiency and effectiveness can be shown as follows.

		How to do ?	
		In the correct way (1)	In the incorrect way (2)
What has been done ?	The Correct Thing	Effective Efficient	Effective Inefficient
	The Incorrect Thing	Ineffective Efficient (3)	Ineffective Inefficient (4)

- The upper cell on the left side (no (1)) in the diagram shows that the right thing takes place in the right way, it can be seen that the efficiency and effectiveness begin there. That is the condition expected in management as well.

- **Productivity**

The relationship between the input and output of a firm in a specific time is productivity. That can be calculated as flows.

$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$



- When the effectiveness and efficiency are achieved highly, the productivity will also be higher. That means there is an positive relationship. Similarly, if the right thing takes place in the right way, the productivity of the firm will automatically be secured.
  
- **Process**  
 A group of activities, connected to one another, with continuity in them is referred to as a process. Accordingly, the management is also a process. The management process consists of the functions of planning, organizing, leading and controlling.
  
- Management is required for the accomplishment of goals and objectives of organizations as well as individuals.
  
- In the following manner, the management influences the accomplishment of the goals and objectives of individuals.
  - To achieve the expectations of individuals just as anticipated by them.
  - To control the economic conditions (income, expenditure) of individuals in the right way.
  - To manage time.
  - To improve efficiency.
  
- Management influences the accomplishment of the goals and objectives of organizations in the following manner.
  - To maximize profits.
  - To fulfill social welfare.
  - To expand market.
  - To increase the market share.
  - To determine the future direction of the business.
  - To plan the activities of the business.
  - To measure the successfulness of the business.
  - To distribute limited resources among various divisions.
  - To make individuals engage in the activities of the organization.

- Importance of Management can be stated as follows.
  - To achieve the organizational goals and objectives successfully.
  - To utilize limited resources efficiently and effectively.
  - To respond the dynamic business environment successfully.
  - To assure the long term existence of the business by facing the competition successfully.
  - To face successfully the complex situations created due to expansion of the firm.
  - To fulfill the expectations of the interested parties of the organization at a maximum satisfactory level.
  - To face problems successfully and make correct decisions.
  - To act so as to fulfill the social responsibilities of a business.

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**Competency 12.0 : Points out the necessity and importance of management in the achievement of goals and objectives of individuals and organizations.**

**Competency Level 12.2 :Analyses various management roles of a manager.**

**No of Periods :04**

**Learning Outcomes :**

- Defines a “manager”.
- Explains 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.
- Explains clearly to which role a task performed by a manager belongs.

#### **Instructions for Lesson Planning**

- Inform the student that there is a head in every firm and there are various names to each of them.

Examples:

- Post Office - Post Master
- Bank - Bank Manager
- Divisional Secretariat - Divisional Secretary
- Pradeshiya Saba - President of Pradeshiya Saba
- Railway Station - Station Master
- Government Hospital - Director of the hospital
- Limited Company - Chief Executive Officer
- School - Principal
- Police Station - Officer In Charge
- Exam Department - Commissioner General of Examinations
- Urban Council - Chairman
- Explain that all the heads of these institutions can be referred to as managers and what every one of them does is the laying out the necessary background to achieve the expected goals and objectives of the institutions.
- Express that a manager performs various roles there and in those roles he performs various functions as well.

- Engage the students in the following activity to get them acknowledged the roles of a manager and the functions relevant to those roles.
- Few functions performed by a principal of a school are stated below.
  - Signing the certificates of students.
  - Addressing School Development Society.
  - Producing the summarized G. C. E (A/L) results to the Zonal Education Office.
  - At the staff meeting, planning the future undertakings on the progress of the last term.
  - Introducing and implementing an environmental program for overcoming dengue hazard.
  - Declaring special holidays of the school.
  - Making arrangements for insufficient furniture and equipment of the school.
  - Assuring the quality state of equipment needed for the school when purchasing them.
  - Providing quality inputs for various grades.
  - Appraising the teachers who have taken less number of leaves.
  - Holding discussions in school Quality Circles.
  - Responding to calls and e-mails.
  - Intervening at students' disciplinary issues to solve them.
  - Getting the suggestions approved by the discussion held at School Development Society.
  - Allocating financial provisions for various sections/grades of the school.
  - Organizing teachers' development programs.
  - Publishing the Annual Plan of the school.
  - Taking part in principals' meetings held at Zonal Education office
  - Holding ColorNight awarding ceremonies of the students.
  - Welcoming guests at Prize Giving Ceremony.
- Classify the functions done by the principal under the roles stated below.
 

1. Figure Head	6. Spokes person
2. Leader	7. Entrepreneur
3. Liaison	8. Disturbance Handler
4. Monitor	9. Resource Allocator
5. Disseminator	10. Negotiator

- After finishing the students' activity, discuss the functions relevant to each role by considering the following table.
- Lead a discussion by explaining the reasons as to why each function belongs to relevant role.

(Mention the reasons for a function to come under that specific role but not to another, according to the explanation of each role mentioned in "A Guideline to Explain Subject Matters")

Figure Head	1. Signing the certificates of students 2. Welcoming guests at Prize Giving Ceremony.
Leader	1. Appraising the teachers who have taken less number of leaves. 2. Holding the Color Night Ceremonies of students.
Liaison	1. Addressing School Development Society. 2. Taking part in principals' meeting held at Zonal Education Office.
Monitor	1. At the staff meeting planning the future undertakings on the progress of the last term 2. Holding discussions in school Quality Circles.
Disseminator	1. Producing the summarized G. C. E (A/L) results to the Zonal Education Office. 2. Responding to calls and e-mails.
Spokes person	1. Declaring special holidays of the school 2. Publishing the annual plan of the school
Entrepreneur	1. By introducing and implementing an environmental program for overcoming dengue hazard. 2. By organizing implementing teachers development programs.
Disturbance Handler	1. Making arrangements for insufficient furniture and equipment of the school. 2. Intervening at students' disciplinary issues for solving them.
Resource Allocator	1. Providing quality inputs for various grades. 2. Allocating financial provisions for various sections/grades of the school
Negotiator	1. Assuring the quality of the equipment needed for the school when purchasing them. 2. Getting the suggestions approved through the discussions held

- Point out that the functions of a principal which have been tabulated by the students can be classified under three main headings.
- Interpersonal Role consists of three sub roles: as Figure Head to represent as the head in day today social activities: as a Leader to motivate and direct subordinates in order to achieve organizational goals, and as a Liaison to maintain relationships with various parties and organizations. Here, there should be assistants under a figure head, subordinates under a leader, there should be another party for liaising. They are counted under interpersonal role since there are two parties of individuals who associate with, and instances of dealing with others in all these occasions.
- Point out that informational role consists of three sub roles: as a Monitor to search out the of information that assists to understand the organization and the environment very well; a Disseminator to distribute the information among the members of the organization to make decisions, and as a Spokesperson to provide information to represent the organization.
- Point out that the Decisional Role consists of four sub roles: as an Entrepreneur to change the activities, time and resources etc. in order to match with changing environmental conditions, as a Disturbance Handler to take necessary actions to face unexpected conditions; as a Resource Allocator to allocate resources among the various sections and as a Negotiator to intervene at problems and to exchange ideas. Therefore, these four sub roles belong to Decisional Roles.

#### **A Guide Line to Explain 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. He will utilize resources efficiently and effectively through the management process.
- According to Henry Mintzberg, 10 managerial roles can be classified under the following three headings.
  - Interpersonal Roles
  - Informational Roles
  - Decisional Roles

- A table that consists of the above roles, sub roles and the functions relevant to them is given below.

<b>Main Roles</b>	<b>Sub Roles</b>	<b>Functions that belong to the role and examples</b>
Interpersonal Roles	1. Figure Head	The symbolic head as well as the nominal head that engages day to day activities socially and legally  Examples : Welcoming guests, signing the legal documents, addressing meetings.
	2. Leader	Motivating and directing subordinates in order to achieve the organizational goals.  Examples: Evaluating the work of subordinates, stating mixed reviews, evaluating performance, and training subordinates.
	3. Liaison	Maintaining relationships with various parties and organizations.  Examples: Maintaining relationships with customers, suppliers, trade associations and community.
Informational Roles	4. Monitor	Searching and getting various internal and external information that helps to understand the environment and organizations well  Examples: Written-Newspapers, annual report  Verbal- Discussions with planners, customers and other managers.
	5. Disseminator	Distributing information which has been taken internally and externally among the internal members of the organization to make correct decisions.  Examples : Share holders' meetings, Telephone calls, reports
	6. Spokes Person	Providing information to external parties representing the organization,  Examples : Press conferences, share holders' meetings.

Decisional Roles	7. Entrepreneur	Making changes within the organization in order to match with changing environmental conditions.  Examples: Organizing new programs and developing strategies, introducing new project processes.
	8. Disturbance Handler	Taking actions to face unexpected situations successfully.  Examples: Facing the conditions such as strikes, breaching of the contracts, consumer complaints and shortage of raw materials etc.....
	9. Resource Allocator	Allocating resources among various departments of the organization.  Example: Allocating own time for subordinates, distributing the resources of the organization among the divisions.
	10. Negotiator	Acting as an arbitrator in the event of internal and external conflicts, representing the organization at important discussions.  Examples: Taking steps to build up Industrial Relationship, associating with government agencies.



**Competency 12.0** :Points out the necessity and importance of management in the achievement of the goals and objectives of individuals and organizations.

**Competency Level 12.3** :Studies the various management levels and management skills relevant to them.

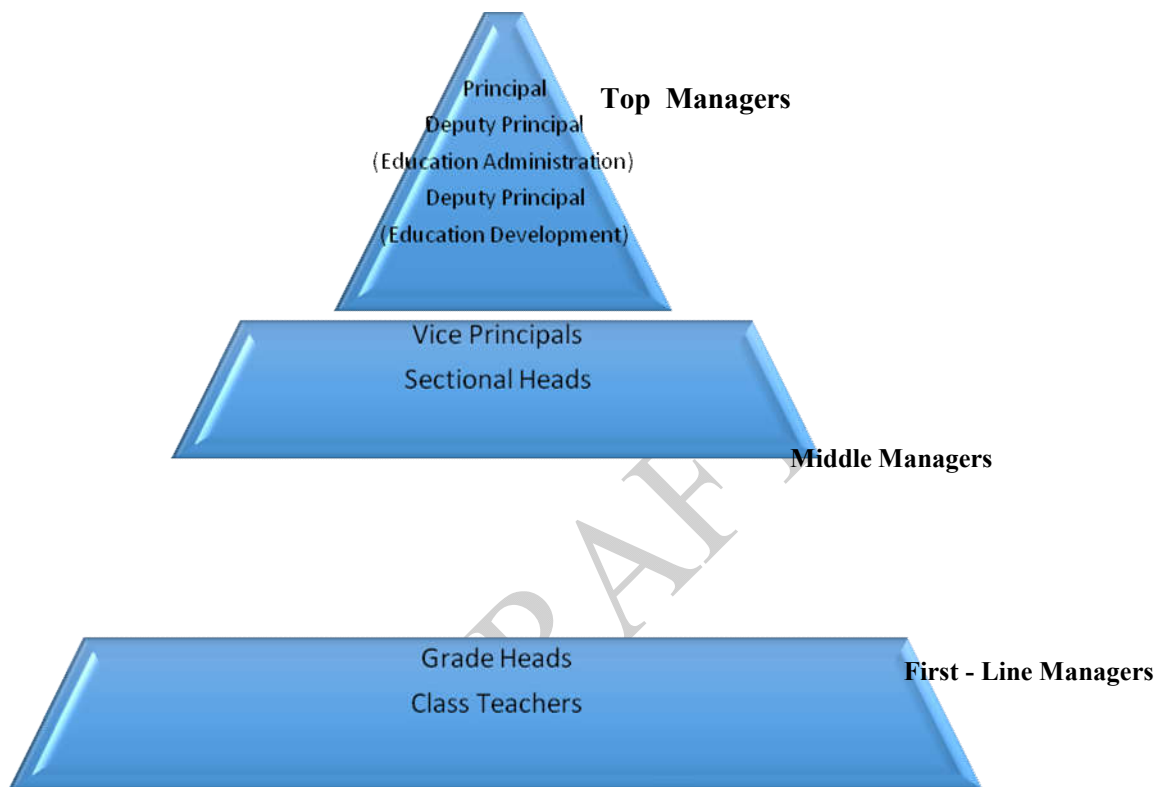
**No of Periods** :04

**Learning Outcomes** :

- Introduces various management levels in an institution.
- Provides examples for managers who perform at each management level in various institutions.
- Explains management skills needed for managers according to each management level.
- Points out the management skills possessed by a manager separately in an institution.
- Explains the relationship between various management levels and skills of managers in those management levels.

#### **Instructions for Lesson Planning**

- Explain the students that there is a management board to manage the school activities and there are individuals holding various posts in it. Inquire from the students what those posts are.
- Write the students' responses on the board in the following manner.
  - Principal
  - Deputy Principal (Education Administration)
  - Deputy Principal (Education Development)
  - Vice Principals
  - Sectional Heads
  - Grade Heads
  - Class Teachers
- Explaining that the various posts which have been written on the board on students' responses belonging to various managerial levels, point out to the students that those posts can be classified under three levels as follows.



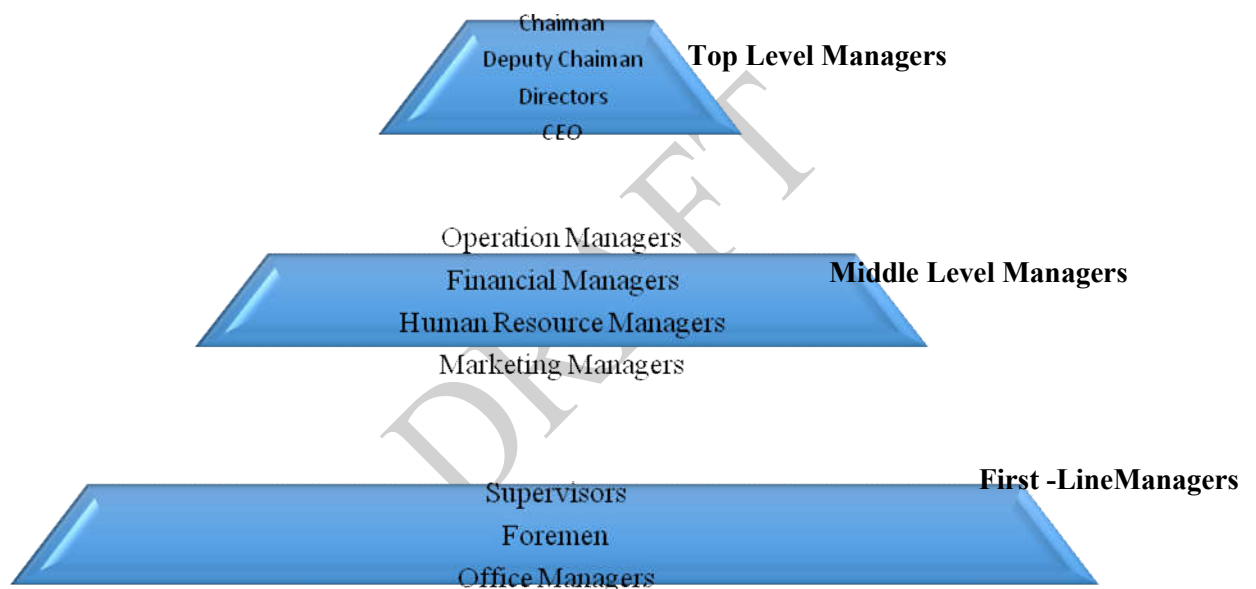
- In the same manner, explain that in every firm, there are individuals holding various posts and all the individuals mentioned above are managers.
- Explain that the managers rendering service in a firm can be classified under three levels on the authority or the legitimate power and the number of managers increases according to the managerial levels from top to bottom.
- Explain the students that eventhough the managers are classified under three levels as above, practically in firms, the classification of managerial levels are done in different ways from this.
- Explain that managers of each level should possess various skill as well.
- Accordingly, the skills the managers normally should possess are,
  - Conceptual Skills

- Human Skills ( Interpersonal Skills)
- Technical Skills

Explain that these skills should be contained in various amount according to various managerial levels.

### A Guideline to Explain Subject Matters

- Managers can be positioned in various managerial levels in an organization. Managers can be depicted under three levels based on legitimate power or authority.
- Top Managers
- Middle Managers
- First - Line Managers



### Top Managers

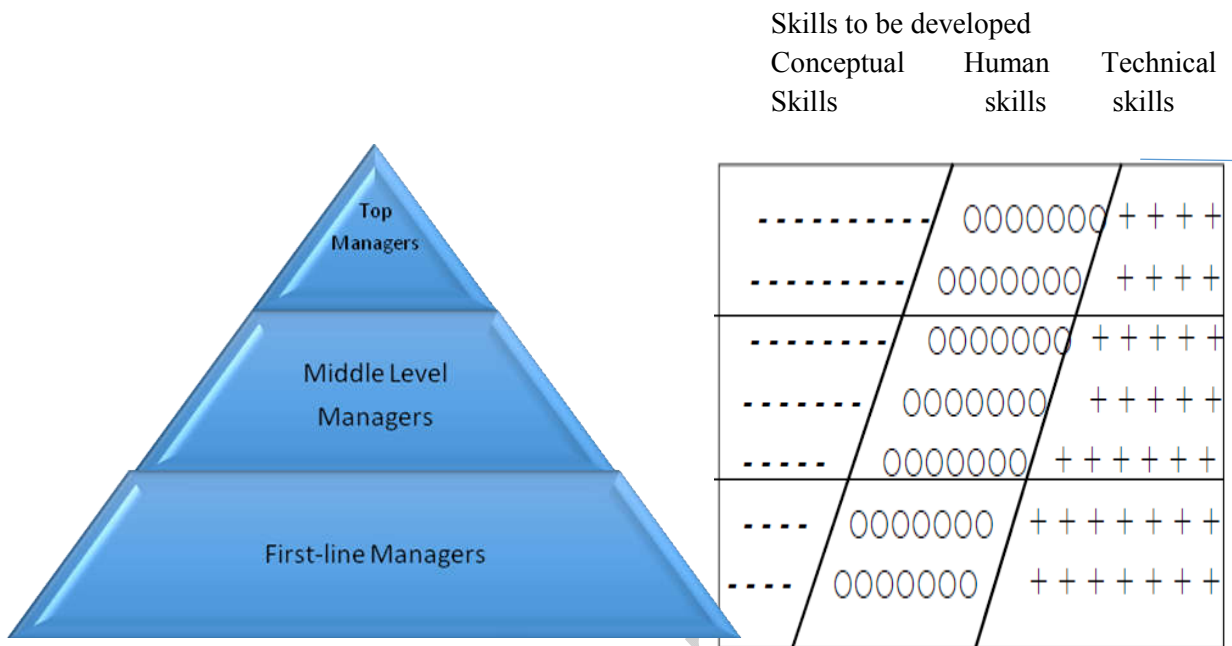
- The managers who manage the top level functions of the organization are known by this. They determine the future direction of the whole organization, and their responsibility extends to overall organization.
- Establishment of goals and objectives of the organization.
- Determining the strategies and policies.
- Deciding the overall process of the organization.
- Monitoring the activities of middle level managers.

### Middle Managers

- The managers who perform as heads of main divisions or departments of an organization are known by this. These are the managers who transform the strategic decisions developed by the top management into operations decisions required for the first line managers.
- These middle managers are responsible for the functions performed by the first - line managers. The middle managers engage in the following functions.
  - Co-ordinating between top level and middle level managers.
  - Implementing the plans, strategies and policies developed by the top management.
  - Providing top management with information required for making decisions.
  - Monitoring and controlling the activities of the first - line managers.

### **First - Line Managers**

- The managers who directly contact with non - managerial employees and are in the first - line of the organizational structure are known by this. They are responsible for implementing the plans and recommendations of top or middle level managers.  
The first - line managers engage in the following functions.
  - Implementing the plans and orders of the top and middle level managers.
  - Monitoring and controlling the activities of the non - managerial employees.
- Robert L. Katz has introduced three types of skills that should be possessed and developed by managers of various managerial levels of the organizational structure.
  - I. Conceptual Skills
  - II. Human Skills ( interpersonal skills)
  - III. Technical Skills
- The mental ability to analyze new ideas emerging from complex situations are known as conceptual skills. Things such as the vision regarding the internal and external environment of an organization, comprehension, the ability for holistic approach, ability to understand and solve problems, foresight, the ability of astute intelligence and the ability to explain as a process are considered as conceptual skills.
- The ability of a manager to understand others, to work with them co – operatively, to get the work done through others and to treat humanely are known as human skills.
- The exclusive knowledge, experience, and ability that a manager should possess to conduct a function in a specialized field are known as technical skills.
- There is a relationship among various managerial levels and the skills that the managers of each level should possess.



- Since the managers in every level have to work with individuals and groups, human skills are equally important to all the managerial levels.
- Since the first line managers directly connect with the duties of employees they need more technical skills.
- Since the top managers analyse new ideas emerging from complex situations and make decisions they need more conceptual skills.
- Though the skills comparatively possessed by various management levels are shown above, to make a manager's role successful, possession of all these three skills is very important.

**Competency 12.0: Points out the necessity and importance of management in the achievement of the goals and objectives of individuals and organization.**

**Competency level 12.4** :Examines the Management Process.

**No of Periods** :03

**Learning Outcomes** :

- Points out that “Management” is a process.
- Identifies that Management is a process and depicts it in a diagram.
- Explains each function of Management Process.

### **Instructions for Lesson Planning**

- Inquire from the students about the functions to be done in planning the annual school trip.
- Write the students’ responses on the board.

Examples:

- Discussing and getting permission from the principal.
- Deciding the places expecting to visit in the tour.
- Preparing the route map and the schedule.
- Writing letters to the firms expecting to be visited and getting permission letters from them.
- Deciding the way of obtaining the transportation service.
- Deciding the required amount of money.
- Informing the parents and obtaining the permission letters from them.
- Grouping the students.
- Appointing group leaders.
- Inspiring the students to get along with the trip enthusiastically.
- Assigning the duties, responsibilities and power to the leaders.
- Monitoring by the teachers if the duties assigned to the leaders are being carried out.
- Deciding the goals of the tour.
- Informing the students about the significant places while on the trip.
- Holding an assembly to notify parents and students about the tour.
- Collecting the money from the students.

- Inquiring the food requirement of the group by its leader.
- Writing the report of the tour and preparing the budget at the end of the tour.
- Setting off on time.
- Ending the tour.
- Informing parents to come in due time to collect the students.

Lead a discussion highlighting the following facts

- Explain that in order to make the tour successful, it should be managed well.
- That all of the above functions relevant to the tour can be classified into four sections as planning, organizing, leading and controlling.
- That there is relationship among these functions and that the management is a process.
- Discuss with the students that the functions stated on the board can be classified in to four managerial functions and the way of classifying them correctly.
- Imagine that the trip has come to an end successfully and discuss the reasons for the success of it.
- Consider the following information in that discussion.
  - Point out that of planning has been successful because of deciding the goals of the tour and the places expecting to be visited earlier and because of being able to visit the relevant places in the due time according to the map and the schedule.
  - Point out that organizing has been successful through being able to group the students, appoint the leaders and assign all the duties to them in order to get those done responsibly.
  - Explain that a successful leading has taken place from the activities inquiring the food requirements of the groups by their leaders, ins inspiring the students to get along with the trip enthusiastically and informing the students about the significant places of the trip.
  - Explain that the controlling has taken place successfully by the things like departing and coming back on scheduled time, arriving of parents on time to collect the students and preparing the budget.
  - Accordingly, explain the students that the functions of management have assisted to make this tour successful.
  - Point out them, using a diagram that the management consists of four functions and it is a process consisting of various activities.
  - Explain that the resources should be employed efficiently in that process and through the successful fulfillment of the relevant functions of that process,it leads to the effective fulfillment of the expected goals and objectives.

Functions relevant to controlling:

1. By informing parents, obtaining permission letters from them
  2. Getting permission by informing the zonal education office
  3. Writing the end report of the tour and preparing the budget report
  4. Monitoring by the teachers if the duties assigned to the leaders are being carried out
- Point out that of planning has been successful because of deciding earlier the goals of the tour and the places expecting to be visited and because of being able to visit the relevant places in the relevant time according to the map and the schedule.
  - Explain that a successful leading has taken place from the activities inquiring the food requirements of the groups by their leaders, ins inspiring the students to get along with the trip enthusiastically and informing the students about the significant places while on the trip.
  - Point out that organizing has been successful through being able to be grouping the students, appointing leaders and assigning all the duties to them to get them done responsibly.
  - Explain that the controlling has taken place successfully by the things like departing and winding up according to the scheduled time, arrival of parents in the correct time to collect the students and preparing the budget.
  - Accordingly, explain the students that the functions of management have assisted to make this tour successful.
  - Point out to them using a diagram that the management consists of four functions and that is a process formed consisting of various activities.
  - Explain that the resources should be employed efficiently in that process and through the successful fulfillment of the relevant functions of the process it leads to the effective fulfillment of the expected goals and objectives.

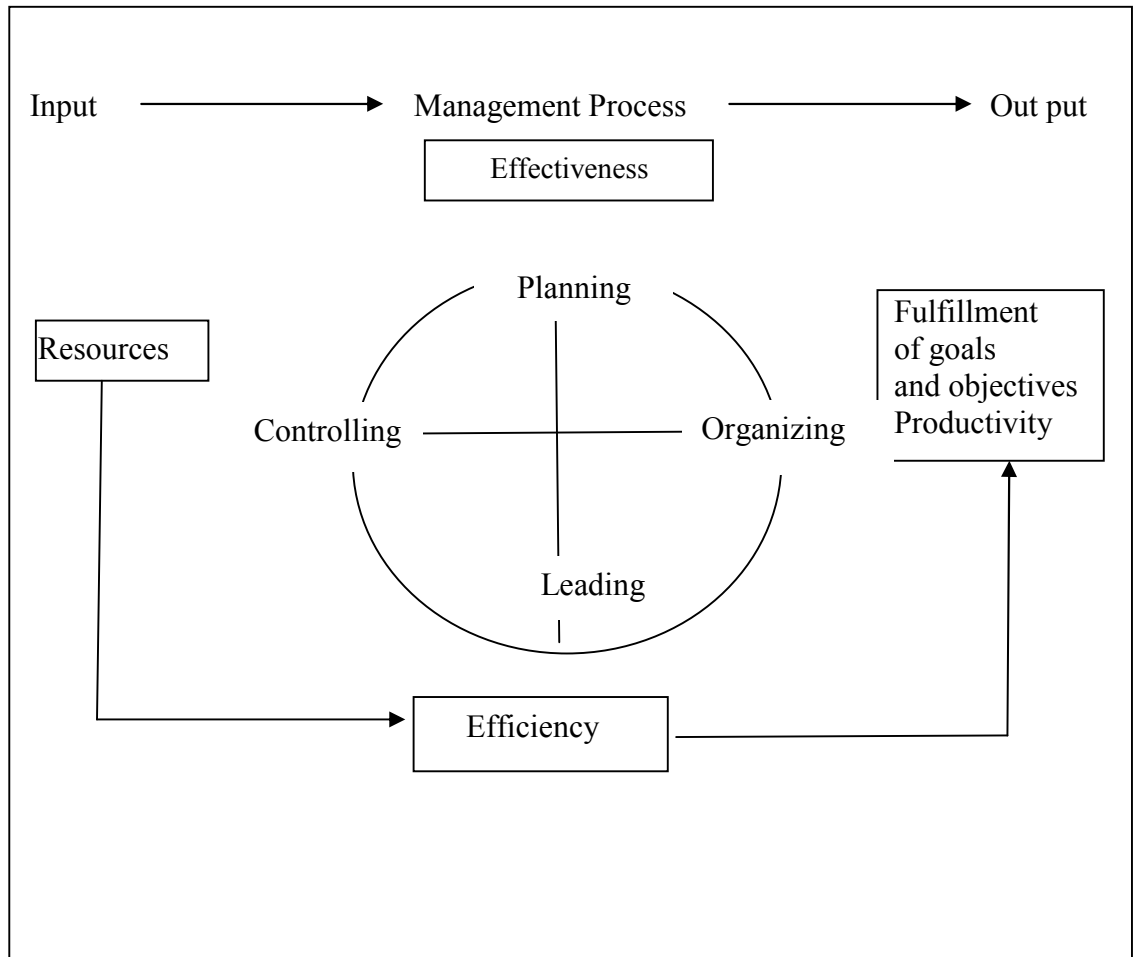
#### **A Guideline to Explain Subject Matters.**

- Management is a process consisting of four basic managerial functions.
  1. Planning
  2. Organizing
  3. Leading



#### 4. Controlling

- Management process can be depicted in a diagram as follows.



- Planning is the process of establishing of goals and objectives which a firm expects to accomplish, and establishing of relevant strategies to achieve them.
- Organizing is the process of allocating resources, delegating authority and distribution of work in order to achieve the organization's goals and objectives efficiently and effectively. In other words, organizing is the formation of a formal relationship between human and physical resources or the co-ordination of various resources and duties of the organization to attain its goals and objectives.
- Leading is the process of influencing, motivating and making employees aware of the necessary activities to get them engaged in those activities to achieve organization's goals and objectives.
- Controlling is the process of examining if the plans are being implemented so as to achieve the goals and objectives of a firm and if there are deviations, identifying them to take corrective action,

**Competency 12.0 : Points out the necessity and importance of management in the achievement of the goals and objectives of individuals and organizations.**

**Competency Level 12.5** :Follows a formal method to make decisions

**No of Periods** : 04

**Learning Outcomes** :

- Explains the concepts of decision making.
- Lists the steps of the decision making process.
- Explains each step of the process of decision making.
- Makes suitable decision for a problem in conformity with process of decision making.

#### **Instructions for Lesson Planning**

- Present the following incident to the class  
Maleesha, who has received the entrance to the university having been passed the G. C. E (A/L) examination, has also received an appointment letter to be appointed as an assistant bank manager of a private bank.
- Lead a discussion highlighting the following points.
  - Inform the students that Maleesha has faced to a problem whether to select the university education or the job.
  - That a decision should be made to select either of the options and in order to select so, the advantages and the disadvantages of both options should be evaluated.

Examples:

- Turning towards university education

Advantages:

- Paving the way for a higher education
- Ability to obtain a higher employment in future rather than an assistant manager post.

Disadvantages:

- Inability to earn an income during the period of the higher studies.
- The problems that might arise through spending a four-year for this.

Being appointed as an assistant manager in a private firm.

Advantages:

- Ability to earn an income monthly as the salary.
- More opportunity for the promotions in the bank.

Disadvantages:

- Leaving off the opportunity for higher education
- Losing the opportunity to go for other employments higher than this.
- Inform the students that by evaluating the advantages and the disadvantages of the alternatives, the decisions should be made to select the alternative that has more advantages over disadvantages.
- Discuss that in the same manner, problems will arise for individuals as well as for business organizations in various occasions and, to solve them, proper decisions should be made.

- By providing the following cases, make the student engage in the following activity by grouping them in a suitable manner.
  - The female employees of "Subani Apparel Factory" have been demanding an increment in their salaries for few weeks now as their daily work load is higher than the average. As the management board didn't place much concentration on this, it has now grown up to a strike. The management board has identified two alternatives for this issue.
    - Increasing the salary as they demand.
    - highering new employees.
  - Rusiru conducts a transport service named "R. S. Transport". He frequently receives orders to transport a high volume of goods as his transportation service is efficient. He has faced with a problem since the two lorries that he currently possesses is not adequate for it. Two alternatives have been identified to solve that problem.
    - Purchasing a new lorry.
    - Obtaining a lorry on rental basis.
  - Neranjana conducts a private hospital named " Osunima (Pvt) Ltd company". A financial problem has been arised to obtain a set of equipments required for the hospital. Two alternatives have been suggested to solve that financial issue.
    - Obtaining a loan from a financial institution.
    - Obtaining the set of equipment on leasing method.
  - Identify the problem that your group has received.
  - Analyze the two alternatives given for the problem.
  - Write seperately the advantages and the disadvantages of each alternative.
  - Accordingly, make a suitable decision for the problem.
  - Present your findings to the class.

### **A Guideline to Explain Subject Matters**

- When an actual state of affairs differs from a expected state of affairs, it is known as a problem.
- Selecting the most suitable alternative among alternatives is known as a decision.
- Accordingly, decision making is a process of identifying alternative solutions, actions to solve a certain problem and selecting the most suitable alternative among them.
- Either the problem is simple or complex, it is the manager's duty to give solution for that problem.
- Accordingly, the decision making is fundamental in every function that a manager performs.
- The steps of decision making are mentioned below.
  - Identifying the problem clearly.
  - Analyzing the problem.
  - Formation of alternative solutions.
  - Evaluating alternative solutions ( Analyzing).
  - Selecting the best alternative.
  - Making a plan to implement the best alternative.
  - Evaluation and feedback.
- Identifying the problem accurately and certainly is very important.
- The problem should be analyzed by examining it deeply.
- It is easy to make a decision on the most suitable solution by developing many alternative solutions.
- After developing various alternatives, each should be evaluated examining the strengths and weaknesses of them.
- At the end of the evaluation of alternatives, the best actionable solution to the problem, that matches with the goals and the available resources, should be selected.
- When selecting the best alternative, a special concentration should be placed on the facts such as the acceptability, affordability, practicability, legality and morality of that alternatives.
- A plan should be prepared for the selected alternative in the way that solves the problem.

- The step of implementation means not only commanding according to the actions taken to solve the problem, but also the functions like obtaining resources and distributing them among various individuals and tasks and preparation of budgets etc..
- The step of evaluation and feedback means the inquiry to see if the solution for the problem has been obtained as planned and if there are any deviations, taking necessary feedback actions for them.

DRAFT

**Competency 12.0 :Points out the necessity and importance of management in the achievement of the goals and objectives of individuals and organizations.**

**Competency Level 12.6 :Prepares plans to achieve goals effectively**

**No of Periods :04**

**Learning Outcomes :**

- Interpretes planning by generally accepted definitions.
- Lists the steps of the process of planning.
- Explains each step of the process of planning.
- Explains the principles of planning.
- Points out the importance of planning.
- Explains the problems and limitations arising in planning.
- Prepares a plan for an existing problem in conformity with the steps of planning process

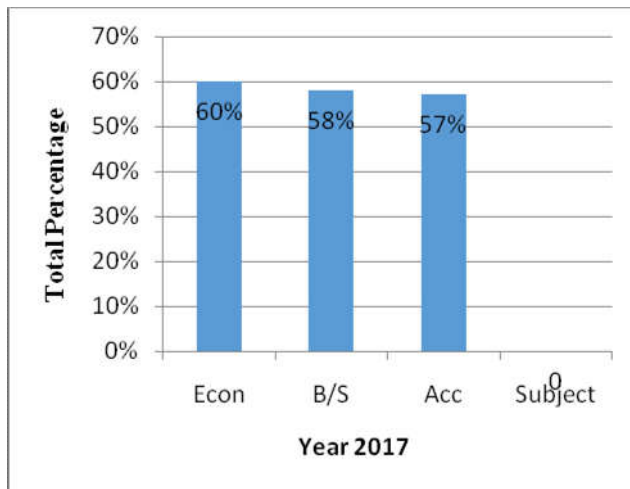
**Instructions for Lesson Planning**

- Display in the class the following two graphs which shows the results of commerce section of a certain school.

**Exam Results Analysis of G. C. E (A/L)**

**Commerce Stream**

### G. C. E (A/L) Commerce Stream Subject Results - 2017



- Advise the students to observe the two graphs well.
  - Lead a discussion highlighting the following facts.
    - The results in 2017 is 7% less than that of 2016.
    - The pass percentage of Accounting subject is relatively lower.
    - There is a large number of students who failed in all three subjects.
  - Point out them that the expectation is to be the best school in the area, the results of the commerce stream have to be increased and a plan should be prepared for it.
  - Similarly, Point out that the planning is very important for every organization to achieve its goals.
  - Define the planning using various definitions.
  - Explain that the planning is a process and by using the given school as an example, explain the main activities of the planning process as follows.
    - Establishing the goals and objectives.
      - Point out that to realize the vision of the school ( becoming the best school in the region), goals and objectives should be developed.
- Examples :
- Increasing the pass percentage of the exam by 10% in the coming year.
  - Increasing the results of every subjects by 10% in the coming year.
- **Identifying Strategies**
    - Examining what should be done to achieve goals and objectives is known as strategies. Write on the board by inquiring the students' suggestions for this.

Examples :

- Conducting extra classes ( before the commencement of the school and after the end of the school)
- Making model papers and discussing them with the students
- Providing assignments
- Providing the subject knowledge using students' competition.

- **Environment Analysis**

Here the resource analysis and the environment analysis can be conducted.

- **At the resource analysis**

- Allocating cash for development of education
- Required teachers
- Required stationery
- Time that should be allocated for it
- Preparing of question papers and printing facilities
- Obtaining the help of non - academic staff

- Accordingly, point out that the strengths and weaknesses of the school should be analyzed.

- **At the Environmental Analysis**

- Have the teachers allocated time and date for other subjects?
- The dates and time periods they have taken
- Availability of class rooms and spaces
- Are there going to be classes out of the school for students?
- Is there permission to hold the classes on those days in the school?  
( In the exam period / In the paper marking period )
- Permission of parents
- Point out through the above factors, the opportunities and strengths also in the external environment should be analyzed.

- **Preparation of plan and implementation of it.**

- Point out that in achieving the above goals mentioned in the plan, a group of activities that consist of solutions for questions such as,
  - How to achieve the goals?
  - What are the functions to be done?



- Who are to do?
- During which periods of time?
- The parties that have the responsibilities of doing those functions etc...should be prepared in written form and they should be implemented aswell.
- Explain that when implementing this plan, the factors such as implementin the same type of program by other schools can be a opportunity as well as a threat.
- **Measuring the success and controlling**
  - Once the plan implemented, the success of it should be reviewed intermittently.
  - Intermittent reviews can be assured through checking the marks that the students have obtained and through checking the registers of extra classes.
  - Further,the success of the plan can also be measured through checking whether they hand over the assignment on time : the accuracy, completeness and the relveancy of those assignment.
  - And if it is unsuccessful, necessary changes should be made by finding out the reasons for it.
- Explain that just as the planning is used to develop the results of a school, the planning can be used in any business organization.
- Accordingly, help the students to understand that the planning is a process of establishing goals and objetives of an organization and application of strategies to achieve them.
- Inform the students that there are many principles to be followed in preparing a plan.
- Discuss with the students how planning is important for various reasons and the problems, limitations that may arise in planning.

- Make the students engage in the following activity by grouping them in a suitable manner.

Mihiri Yoghurt producers has won a name in the market and they act aiming to be the best entrepreneur in the field. They expect to take various steps to expand the business activities more in the future but having some competitors, problems in obtaining raw materials, inconvenience in expanding the market etc .... are some of the problems they have to focus on. However, even though there is a good demand for Mihiri Yoghurt in the market, the problem that the management has found is that they are unable to supply yoghurt for the current demand. Therefore, they expect to increase the production by 20% in the coming year. Meanwhile, the management expects to obtain raw materials in outer regions, to obtain modern machinery and to recruit new employees. They have also decided to prepare a proper plan for this.

- Prepare a plan for the above case by following the steps relevant for planning.

- Present your findings to the class.
- By inquiring the students' creations, complete them.

### **A Guideline to Explain Subject Matters.**

- Following are some definitions presented on "planning".
  - The process of establishing goals and a suitable course of action for achieving those goals.

(Stoner, Freeman & Gilbert)

- Deciding the goals and objectives of an organization and preparing how to meet them.

(G. A. Cole)

- Following are the main activities of the planning process.
  - Establishing aims / Establishing goals.
  - Identifying objectives & strategies.
  - Environment Analysis.
  - Resource Analysis.
  - Identifying opportunities & threats.
  - Identification and analysis of performance gap.
  - Making strategic decisions and preparation of the plan.
  - Implementing strategies / Implementing plans.
  - Measuring the success and controlling.
- Understanding the vision and the mission of the organization and establishment of goals required to make them a reality should be done.
- Objectives and strategies that match with the existing mission and goals should be identified. Here, the policies, actions, rules and regulations and programs are determined.
- Identification of the opportunities and threats which influence in the achievement of the objectives of the organization and identification of strengths, weaknesses will be done in environmental analysis. Here a SWOT analysis can be done.
- Analyzing which resources are required to achieve goals and objectives of the organization is done in resource analysis. Similarly, the strengths and weaknesses that the organization possesses compared to that of current and future competitors are also analyzed here. (financial management and the abilities of employees etc...)

- After the environmental analysis and the resource analysis, identification of opportunities clearly that the organization can have, and identification of threats (changes in the market, rules and regulations, technology, competitors' behaviors) will be done.
- Identification of how far the current situation influence to achieve the expectations and identification of the changes that should be done in accordance with that is known by gap analysis.
- Selection of the most suitable strategies through identifying and evaluating the alternatives is the strategic decision making.
- The matching active plan should be prepared and implemented
- The successfulness of the implemented plan should be reviewed regularly. Accordingly, examining if the performance takes place as planned and if not making changes in the planning process should also be done
- Accordingly, a well prepared plan should consist of the following facts.
  - Vision
  - Mission statement
  - Goals / Aims
  - Policies
  - Strategy
  - Procedures
  - Rules
  - Programs
  - Projects
- The above facts are also called business expectations.
- **Vision**  
This can be mentioned as a statement that guides the entire organization and that compresses the entire affairs of the organization.
  - This is a statement prepared by the owners or the heads of an organization.
- **Mission statement**  
This is a statement that explains the vision widely further, that guides the individuals of the organization to perform and that distinguishes its organization from the affairs of the other organizations. This decides the nature and the direction of an organization.
  - A mission statement answers the following questions.
  - Why does an organization exist?

- What is its mission?
- What does it do?
- What does it expect to reach in the future?
- The factors that should be included when preparing a mission statement.
  - Target customers
  - Nature of the business
  - Market
  - Expected growth, survival
  - Values, beliefs and philosophies
  - Significance of the business (significance that distinguishes it from other businesses)
  - Public image
    - Social and environmental friendliness
    - Employees
    - Technology in use
  - **Goals**

The prospecting that an organization expect to fulfil in the long run is known as goals. The goals further explain the vision and the stated mission.
  - **Objectives**

The short term prospecting that are expected to be fulfilled is known as objectives. The objectives are revealed as quantitative measures in connection with time.

    - The characteristics of a business objectives (SMART)
      - Specific
      - Measurable
      - Achievable/Action based
      - Realistic / Rational
      - Time bounded
  - **Policies**

The indexes that guide the way of conducting affairs when achieving the established goals and objectives are known as policies.
  - **Strategy**

The strategies point out what should be done to realize vision, mission, goals and objectives.

- **Procedures**

A set of steps established to follow, for the fulfilment of a certain task can be introduced as procedures.

This shows the way of doing things that are established through policies in a specified manner.

- **Rules**

This is an index prepared to explain the things to be done and not to be done specifically when fulfilling a task.

- **Program**

This is an explanation of the resources required for a specific task and the way of employing them through dividing them into main and sub sections.

- **Projects**

This is a task with a specific beginning and an end, prepared for solving a specific problem/issue.

Following principles should be followed in preparing plans.

- They should be based on clearly stated goals and objectives
  - Specific time duration
  - Practicability
  - Flexibility
  - Easy to understand by employees of every level
  - Priority - Prepared prior to other managerial functions in an integrated manner.
  - Participation and commitment of managers of every level are required.
  - Efficiency - Ability to gain advantages over cost.
- The importance of planning has emerged due to following reasons.
    - To face future uncertainties and dynamic environments successfully.
    - To use resources efficiently.
    - To facilitate controlling.
    - To give managers an opportunity to think about the future of the organization through planning.
    - To direct and integrate other functions of management.

- To ensure the continuity and the growth of the organization.
  - To evaluate current and future competition.
  - To motivate other parties and get them acknowledged.
- 
- Some of the problems and limitations emerged in planning are stated below.
    - Application of incorrect and inadequate information
    - Preparing plans based on the past trends and existing data
    - Preparing plans beyond the ability and the capacity.
    - Insufficient interest and dedication in preparing the plan.
    - Not getting the involvement the employees of all levels.
    - Not receiving the co-operation of employee to implement the plan..
    - Believing that the plan will work as expected after being implemented
    - Plans not being integrated to the entire management system.
    - Inadequate knowledge about the planning
    - Feeling that the planning is pointless.

**Competency 12.0** :Points out the necessity and importance of management in the achievement of the goals and objectives of individuals and organizations.

**Competency Level 12.7** :Confirms the necessity of organizing for a successful management

**No of Periods** :04

**Learning Outcomes** :

- Defines Organizing
- Lists the steps of organizing
- Explains in brief, each step of organizing
- Explains each step of organizing taking an existing institution as an example.
- Points out the importance of organizing towards the success of an institution.

#### **Instructions for Lesson Planning**

- State the students that it has already been planned to hold the annual sports meet of this year and the sports teacher expects your support to make it successful since the organizing activities regarding the holding of the sports meet has been assigned to the Commerce Section. Lead a discussion highlighting the following facts which you should do for it as students.
  - Identifying the activities relevant to the sports meet.
  - Appointing relevant committees
  - Allocating the activities to the relevant committees.
  - Delegation of authority and responsibilities.
  - Working according to standards.
  - Allocating the resources.
  - Co-ordination
- Taking the students ideas into consideration, define what organizing is and explain it.
- State that the organizing is a process consisting of few steps, list the steps and explain each of the steps.

- Engage the students in the following activity by grouping them in a suitable manner

Focus on the heading that your group has received from the following headings.

- Organizing of a new year festival
- Organizing of a Literature day.
- Organizing of a Commerce day
- List the steps of organizing relevant to the topic that your group has received.
- Lists the functions to be done in each of the above steps.
- Be ready to present your findings to the whole class creatively

Point out the students the way that the organizing is important for the success of the organization.

### **A Guideline to Explain Subject Matters.**

- Organizing is the process of allocating work, authority, and resources among an organization's members so as to achieve the organization's goals efficiently and effectively. (Stoner, Freeman & Gilbert)
- Steps of organizing can be stated 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 step to be done in organizing is the identification of functions to be performed and job designing to achieve the goals of the organization.
- Dividing the total work load into small and simple tasks so as to make them easy for each employee to perform is meant by division of work. In other word, conducting the division of work.
  - Division of work leads towards job specialization
  - There are advantages as well as disadvantages in job specialization.



- The process of grouping the jobs using the common features of the tasks of an organization 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
  - Process basis
  - Matrix base
  
- The right to perform many functions, to command, or to distribute resources is known as authority, this is something that can be delegated by one to another within the organization. A legitimation is there to be seen in the authority for various posts.
- Responsibility is the necessity to perform for the fulfillment of a certain task or the manager being bounded to fulfill that task with the authority.
- Explaining of what, how and when, which are relevant to working procedures is known as standardization of work.
- The provision of required resources, in required quantities, at required times to perform the functions of an organization is meant by allocation of resources.
- The process of integrating the work and objectives in separate units in order to achieve the goals of the organization efficiently is meant by co - ordination.
- An organization can achieve its objectives easily, by properly performing all the functions related to organizing.
- The importance of the organizing for the success of an organization can be stated as follows.
  - It assists in achieving the goals and objectives of an organization
  - It being a base to implement the plans successfully.
  - Ability to improve the productivity because of the job specialization comes up from division of work.

- Ability to get the works relevant to the posts done successfully through delegation of authority and responsibilities.
- Ability to get the maximum use of the resources through allocating resources required to perform the functions.
- A co-ordination is created among individuals, groups and departments since directing all organizational activities towards its goals.

**Competency 12.0 :Points out the necessity and importance of management in the achievement of the goals and objectives of individuals and organizations.**

**Competency Level 12.8 :Analyses the concept to be considered at successful organizing**

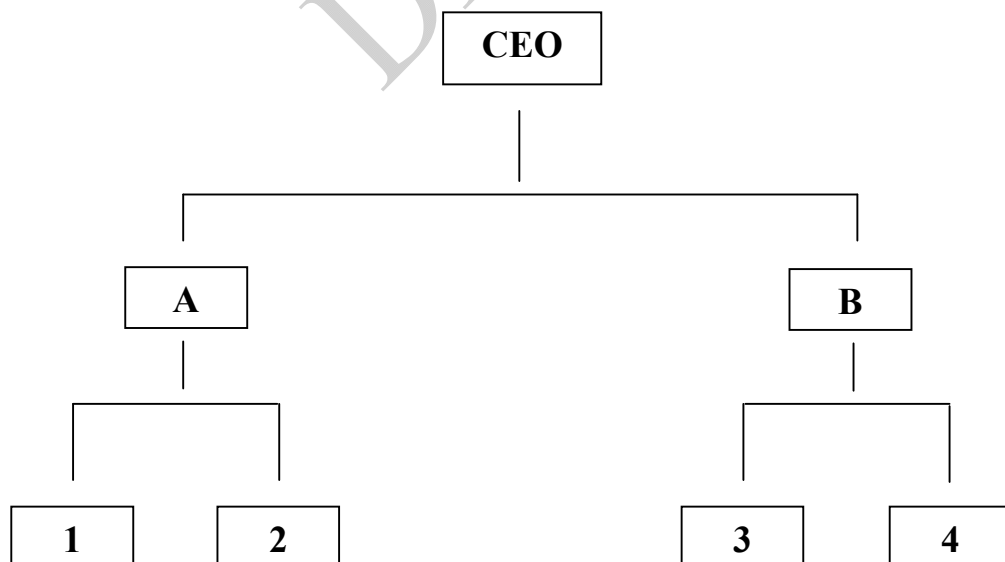
**No of Periods : 04**

**Learning Outcomes :**

- Explains organizational structure
- Explains the unity of command
- Describes the chain of command
- Explains the span of control
- Explains how to delegate power and authority
- Explains the concepts of centralization and decentralization
- Presents the organizational structure of a business organization through an organizational chart
- Shows the various ways in which an organizational chart can be presented
- Explains how the principles of organizing are expressed through an organizational chart.
- Points out that apart from formal organization, informal organizations are in operation in a business organization.

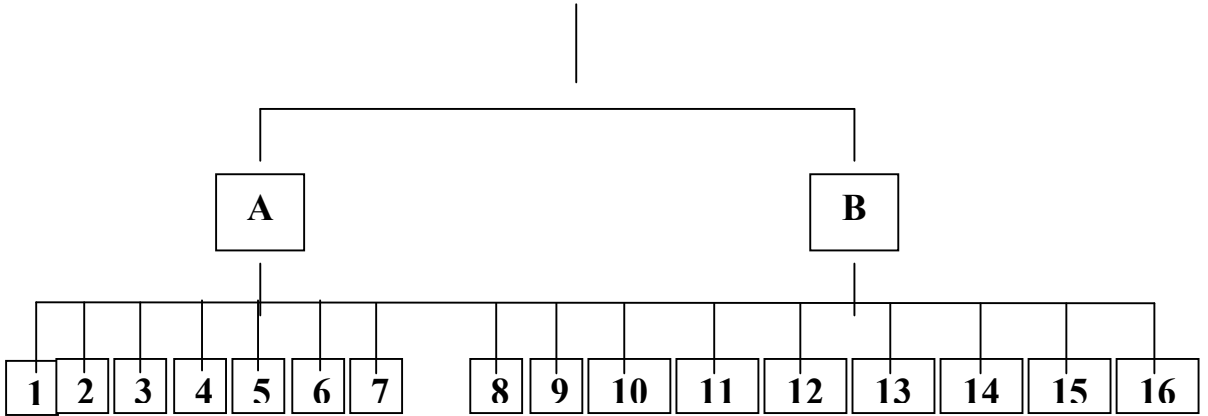
## Instructions for Lesson Planning

- Inform the students on the previous day of the lesson when it is to be taught to draw the organizational chart that is in the principal's room of the school on the display board of the classroom ( Direct the subject leader for it )
- Lead a discussion highlighting the following points
  - Point out that there are many posts in the school like the principal, the deputy principal, the vice principal, and sectional heads etc.....
  - That the principal possesses more of power, that he has delegated a part of it to the lower levels, that the delegation of power in that manner is known as decentralization and there are differences between authority and power
  - That the distribution of posts, power that tasks and responsibilities is known as organizational structure that the chart that depicts the organizational structure is known as organizational chart, there is an organizational chart that also in the school and there is an organizational structure in every organization as well.
  - Make the students engage in the following activity by grouping them in a suitable manner.



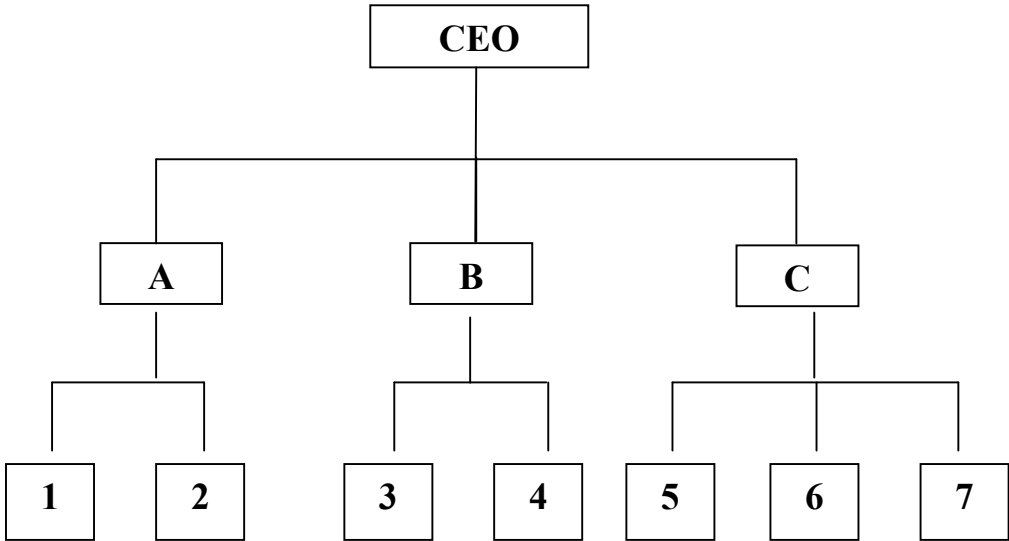
2<sup>nd</sup> Organization Chart





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**3rd Organization Chart**



- Mention the way that the decisions are informed according to the organizational chart in order.
  - Write separately the number of employees that report each manager.
  - By discussing another way that the organizational chart you have received can be presented, draw it using a chart
  - Present your findings creatively to the class.
- 
- Explain the principles of organizing such as unity of command, chain of command, span of control, power and authority, centralization and decentralization etc..... using the organizational chart used in the activity.
  - Point out that the organizational structure of an organization can be depicted through an organizational chart, that the principles of organizing are reflected through an organizational chart and that the organizational chart can be drawn as horizontal, vertical and circular ways.

#### **A Guideline to Explain Subject Matters.**

- The unbroken way of the authority from the top management to the first - line management of an organization is known as the chain of command.
- The principle that a certain employee should be responsible for one and only 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
- The span of control can be categorized as narrow and wide.
- The legitimate power that a manager of an organization receives for operating various functions, for commanding or for distributing the resources is known as authority
- 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 sources of power
  - Legitimate power received on the post (Authority Power)
  - Expert Power

- Reward Power
- Coercive Power
- Referent Power
- While the sources of power that an individual specially a manager receives can be depicted as above, some experts believe that those sources of power can be classified into two.
  - that is the power received on the post and the power received on the person.
  - They argue that while legitimate power, received on the coercive power and corrosive power depend on the post, the other sources of power depend on the person.
  - According to the way that the authority is vested, organizations can be recognized as centralized or decentralized.
- When all decision making power is centered with the top management of the firm that is known as centralization.
- Some advantages and limitations of limitations of centralization are mentioned below.
- Advantage:
  - Decision making being fast
  - Having a unity in decision making
  - Control being easy
  - Communication being easy
  - Cost being reduced
- Limitations
  - Difficulty in executing the decisions
  - Employee motivation being decreased and dissatisfaction being increased.
  - Minimizing the chances of very successful decision making.
- When the power of decision making is assigned from top management to the first line management that is known as decentralization
- Some advantages and limitations of decentralization are mentioned below.

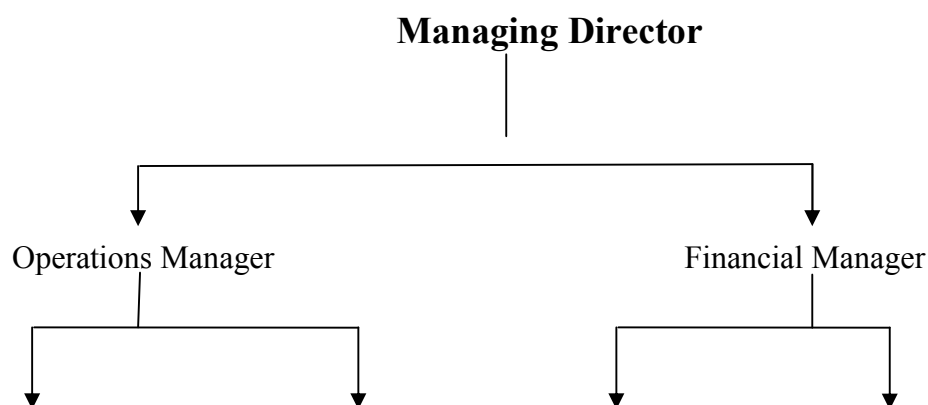
#### Advantages

- The duty of top management being reduced
- Ability to make quality decisions
- Ability to implement decisions easily
- Subordinates being developed
- Employees' motivation being increased and satisfaction being grown.

## Limitations

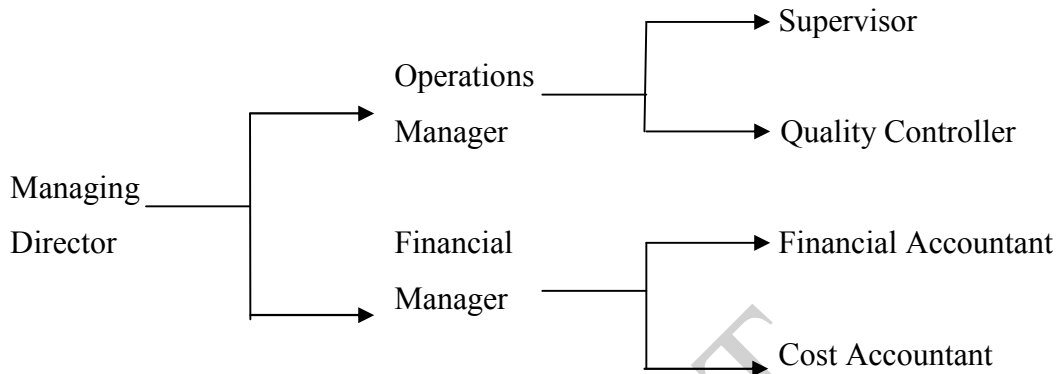
- Decision making being late
- High cost
- An organizational structure is a sketch that is prepared so as to create an inter - relationship among various sections, posts and parts of an organization.
- Organizational structure is the way that the posts, tasks, authority, responsibilities and accountability are distributed and co - ordinated.
- Following principles are depicted through an organizational structure
  - Unity of Command
  - Chain of Command
  - Span of Control
  - Centralization or Decentralization
  - Job Specialization
  - Rules and Procedures
  - Co - ordination
  - The Hierarchy
- The chart that depicts the way that various departments or functions are divided is known as organizational chart
- An organizational chart can be presented in various ways.

Examples :- Vertical Organizational Chart



Supervisor      Quality Controller                      Financial                      Cost  
Accountant      Accountant

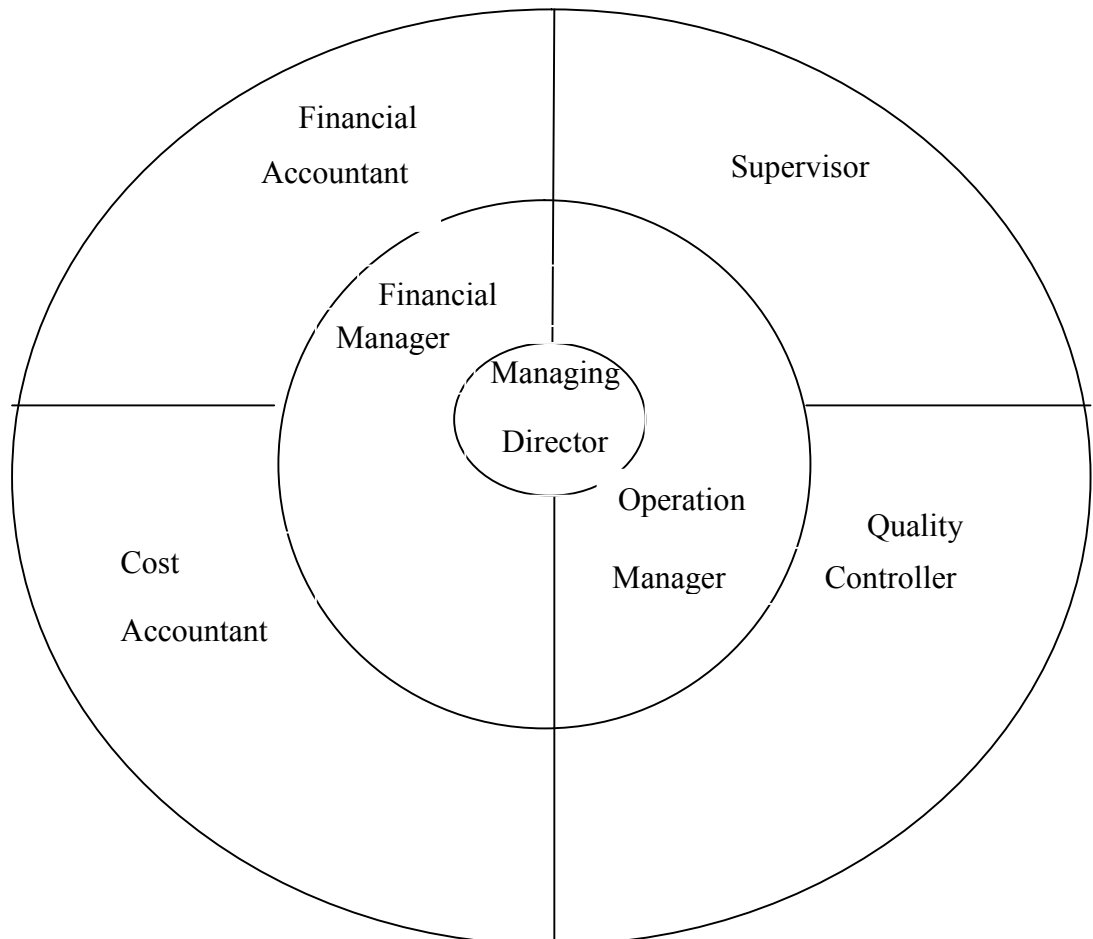
### Horizontal Organizational Chart



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## Circular Organizational Chart



- Though the way that the posts, functions, authority and responsibilities of a formal organization are distributed can be depicted in a formal organizational structure and in an organizational chart, the informal organizational relationship within an organization cannot be depicted so.
- Informal organizations are some formations that automatically created within the formal organizations based on the intimacy of the inter-relationship among the members of an organization and on common needs of them. While these are also known as informal groups, few members of formal groups may also belong to this.
- The managers should acknowledge that the informal organizations are generated from within the formal organizations and their functioning course for the existence and the development of the organization. Therefore, the arms of informal organizations and the way they are related to the arms of formal organization should be inquired.

**Competency 12.0 : Shows the necessity and importance of management in the achievement of the goals of individuals and organizations.**

**Competency Level 12.9 :Analysis the characteristics of leadership while inquiring about the leading process.**

**No of Periods :04**

**Learning Outcomes :**

- Writes the functions of the process of leading
- Defines leadership as a function of the process of leading.
- Shows the necessity of leadership
- Explains the various leadership styles.
- Lists the characteristics of leadership.
- Describes the leadership styles and characteristics of leadership using a given case.

**Instructions for Lesson Planning.**

- Write on the board by inquiring from the students the functions that the principal perform at the school.  
Those functions can be categorized as:
  - Functions performed as a leader
  - Functions performed for communication
  - Functions performed for motivating students / teachers.

Examples :

- Functions performed as a leader.
  - Monitoring the activities of students / teachers.
  - Acting as the main decision maker of the school.
  - Welcoming the guests that come to school.
  - Introducing result development projects.
  - Presiding in school functions.
- Functions performed for communication
  - Addressing the morning assembly
  - Addressing teachers' meetings
  - Addressing prefects' meetings
  - Addressing school development society

- Functions performed for motivation
  - Awarding at the students' colors ceremony
  - Evaluating teaching service
  - Providing teachers / students welfare services.
  - Evaluating the students in the morning assembly who have come to the first, second and third positions in term exams.
- Point out that all of these functions are performed to make others engage in various activities to achieve the goals of the school and that it is called leading.

Followings are three cases consist of information relevant to three businessmen

### **Case No 1 - Samuditha Sweetmeat Business**

Samuditha having started his sweetmeat business conducts it successfully now. While from the beginning he has conducted the business with dedication, self control and intelligently, he states the self confident and the determination are the reasons for this success. It is a renowned thing that as a person, taking the ideas of subordinates into consideration in making decisions and behaving so as to develop mutual relationships through winning the employees heart over are the reasons for this success.

### **Case No 2 - Samantha Foot Ware Business**

Samantha , a Foot Ware factory owner, possesses a good personality but does not consider the ideas of his subordinates and conducts the business on his own terms. While he acts with self discipline he has the ability of influencing others. The opinion of the employees of that firm on him is that he is a person who always concentrates only on getting the works done through them and he never considers the inconvenience or grievances they face .

### **Case No 3 - Sachinda Apparel Business**

Sachinda the owner of an apparel company states that since working as a pleasant person by valuating physical and mental health, he has developed his business today. In the same manner, the opinion of his contemporaries on the success of this business is that he provides high freedom to the ones who help him in fulfilling his tasks and also develops mutual relationships with employees focusing much on them.

- By studying well the case on the businessman you have received, lead a group discussion to identify the leadership qualities that are possessed by that businessman.
- List the leadership qualities highlighted through that discussion.
- State your views on that leader.

- By pointing out that there are various leadership styles according to the way leaders perform, Explain the leadership qualities that should be possessed by a successful leader.

### **A Guideline to Explain Subject Matters.**

- The process of directing the individuals who implement the plans that managers have prepared to the necessary tasks and also influencing them through encouraging and assisting them when the managers make their decisions realized for the fulfillment of the objectives and goals of an organization can be interpreted as leading.
- The process of leading consists of three major functions.
  - Leadership
  - Motivation
  - Communication
- Motivation is required for directing the individuals of an organization to the goals, Leadership is required for directing the members of a group to work in unity and communication is required to co - ordinate all the activities.
- Few definitions on leadership are given below
- The ability to influence the behavior of an individual or a group with the purpose to achieve goals of a particular organization is meant by leadership.
 

( Albert & Khedoorm )
- Leadership of the process of directing and influencing the task-related activities of group members. (Stoner, Freeman and Gilbert)
- Leadership is the thing that connects the plans of the organization with the skills of subordinates of the organization. Accordingly, the necessity of the leadership to an organization can be point out according to the following facts.
  - To get the active participation 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 of various departments.
    - To maintain a proper communication with various departments of the organization.
    - To control the affairs of the organization according to the required standards.

- confidence and good mental wellbeing of subordinates. To assure self
- be discussed. as the leadership and the management leadership. The leadership can
- differences between a leader and a manager. Point out the
- conditions need to be completed to accept someone as a leader. There are few
- the ability to influence the subordinates over a subordinate having the ability to influence the leader. The leader having
- their leader by subordinates. Accepting him as

### Leadership Styles

While the way that the leaders perform, differ in the process of influencing their subordinates, those behavioural patterns are referred to as leadership styles. There are two bases on which the leadership styles can be categorized.

1. way leaders perform According to the
  - Autocratic Leader
  - Democratic Leader
  - Laissez - Faire Leader
2. behavioral style of the leader. According to the
  - Task oriented Leader
  - Employee oriented Leader
- According to the way leaders perform
  - **Autocratic Leader:**  
The leader that perform according to his own decisions without considering the ideas of subordinates is the Autocratic Leader. The autocratic leader retains the authority centralized. He gets the works done through subordinates by giving orders. To avoid penalty, subordinates follow those commands obediently. While

the employees are influenced by orders, the priority is given to production rather than employees. These kind of leaders don't get the participation of the subordinates in taking decisions. He always follows his method. This style can be said suitable when need to make a decision for the entire organization promptly.

- **Democratic**  
**Leader**  
The leader that performs considering the ideas of subordinates is the Democratic Leader. The democratic leader decentralize the authority. He gets the participation of subordinates in taking decisions. He makes arrangements to obtain the participation of employees at determining the goals and at deciding the methods of performing tasks. At this, the employees in the first –line management level get motivated and respect others' opinions. Because of collective decision making, it will be easy to implement those decisions and there will be a collective bond among all the parties.
  
- **Laissez - Faire**  
**Leader**  
The leader that gives the highest liberty to subordinates in performing task is the Laizze - Faire Leader. These kind of leaders provide a complete liberty to subordinates to make decisions. These kind of leaders influence much less their group. Things to be decided and to be done take place without the influence of the leader. This leadership style is important when there are highly experienced and highly expertise subordinates.
  
- According to the behavioral Style of the leader.
  
- **Task Oriented**  
**Leader**  
The behavior of this leader is focused towards, the increasing of the production by somehow and getting the works done successfully. The concentration is much placed on getting the works assigned to employees done rather than their career development or their personal satisfaction. By following various penalty methods, the leader also engages in performing tasks directly
  
- **Employee Oriented Leader**  
These kind of leaders focus much on motivating employees rather than controlling them. They maintain a friendly, faithful as well as a respectful relationship with employees. Most of the time, they obtain employees participation in making decisions. Through the leaders are classified according to the way leaders perform or according to the behavioral style of the leader, the situational leadership also has come up when inquired which leadership style suits the most.

- **Situational Leadership**

- This means that the manager, having properly studied the leadership situation, should select a suitable leadership style for each situation.
- When properly studying the leadership situation, the concentration should be placed on through the factors such as the characteristics of the manager, the characteristic of subordinate, the characteristic of the task and the influence of the organization.

- Few leadership qualities that should be in a successful leader are stated below.

- Pleasingness

- characteristics

- Intelligence

- Self Confidence

- Physical & Mental

- fitness

- Self discipline

- Determination

- Dedication

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**Competency 12.0 :** Shows the necessity and importance of management in the achievement of the objectives and goals of individuals and organizations.

**Competency Level 12.10** :Shows how motivation helps to the success of process of leading.

**No of Periods** :04

**Learning Outcomes:**

- Defines motivation as a function of the process of leading
- Shows the importance of the motivation.
- Provides examples for financial motivation methods.
- Explains non - financial motivation methods.
- Inquires the methods of motivation followed by a selected business institution.
- Shows the methods of motivation followed by using a given case.

**Instruction for Lesson Planning**

- Inquire from the students about the actions followed by parents to induce students to study.
- Inquire from the students about the actions followed by the school to induce students to study.
- Lead a discussion highlighting the following facts. Highlight from a discussion, that students are induced to education through provision of advice and guidance, role models, provision of books, holding prize giving ceremony, holding sports meet, delegation of leadership, holding examination etc.....
- Explain that through inducing in this manner, the students will be directed to education and through which the goals of the school are fulfilled as well.
- Make the students in the class engage in the following activity.
  - The following is a part of a speech delivered to the employees by the newly come human resource manager of "Supasan private hospital"  
"We hope to conduct a large part of works for you all in the coming year. We increase your minimum salary level up to Rs.20,000, our institute makes



arrangements to provide overtime allowances and bonuses orderly. In the same manner, a proposal has been suggested to provide your family members with a package, through which we expect to provide a free day care facility for small children, payment of hospital charge up to 50% in the event of sickness of a family member, provision of housing loans at low interest rates and provision of two uniforms for a year. Apart from that, annual new year festival, organizing of fun tours are also there to be done. As an organization we hope the improvement of you and the organization through your engagement in works willingly, satisfactorily and dedicatedly"

- Get mentioned the motivation methods in the case revealed.
- Classify them as financial motivation methods and non - financial motivation methods.
- Explain that in the same manner, every organization uses financial and non - financial motivation methods for motivating employees to fulfill its goals.
- By facilitating students to observe a business organization in the vicinity of your school, assign the students to inquire the motivation methods that are followed by that business organization.

**A Guideline to Explain Subject Matters.**

- The process of encouraging employees to achieve specific objectives is meant by motivation.  
William Scott
- Persuading employees of an organization to get maximum contribution of them their willingly and with self-satisfaction can be known as 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
  - Increase in goodwill of the organization

- Decrease in employee absenteeism
- Ability to get advantages from special skills and talents of employees.
- Ability to get the maximum use of resources available
- Ability to achieve goals & objectives of the institute
- Generating a satisfied team of employees
- Reduction in waste in resources
- Employee turnover is decreased since the prevention of leaving off of the employees.
- The institute follows various motivation methods to motivate employees for work. These can be classified under two parts.
  1. Financial motivation methods
  2. Non - Financial motivation methods

1. Motivation Methods Financial

- Salary (various salary methods can be introduced )
- Provision of share ownership
- Provision of bonuses
- Provision of loan facilities
- Provision of products of institution at concessionary prices
- Production allowances

2. Motivation Methods Non - Financial

- Training employees
- Promoting employees
- Provision of job security
- Establishment of an appropriate working environment

- Provision of health facilities, housing, meals and uniforms
- Getting the employee contribution in management affairs
- Organizing fun tours
- Evaluation of employees
- Provision of awards
- Production allowances
- Empowering of employees.

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**Competency 12.0 : Shows the necessity and importance of management in the achievement of the objectives and goals of individuals and organizations.**

**Competency Level 12.11** : Shows how communication helps to the success of leading process.

**No of Periods** : 03

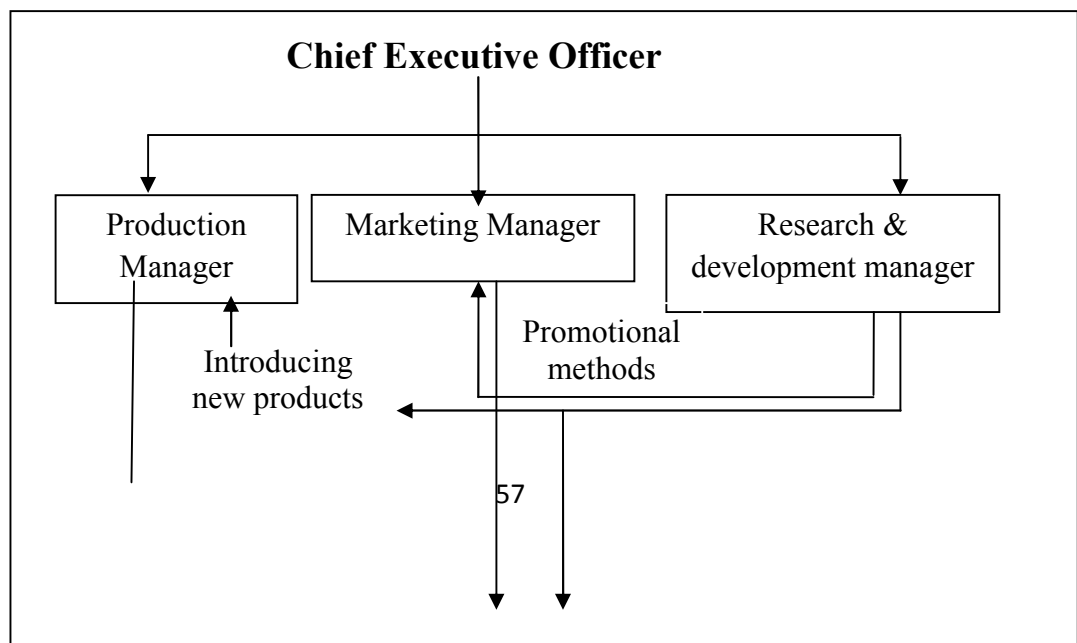
**Learning Outcomes:**

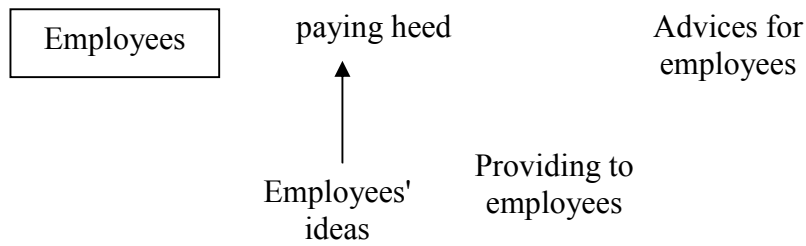
- communication as a function of the leading process. Shows the
- importance of communication Explains the
- various ways of communication in an organization Describes the
- of various ways of communication using a given case Presents examples
- and informal communication are important in business communication Shows how formal

**Instructions for Lesson Planning:**

- Get the following statement, said by a manager of an organization at a board meeting, presented by a student who voluntarily participate.
- Advice all the students to listen attentively as well  
" The reason for the success of our organization is the maintenance of a proper relationship among the employees and the managers of the organization. The suggestions and ideas of employees are always given heed. Similarly we always provide employees with necessary advices as well as information.  
In the same manner, we have been able to face the market competition successfully by introducing new products through the researches conducted in the research and development department of our organization, through low cost production methods as well as through marketing promotional strategies.  
Sometimes, anonymous letters are also received on the activities of the organization, we also use them to make decisions.

- Write on the board by inquiring from the students the factors that are heard through listening to the statement.
  - That there is a proper relationship among the employees and managers.
  - That the managers pay heed to the ideas and suggestions of employees.
  - That the information required to employees are provided by the managers.
  - That formal and informal information are received.
- By considering the factors presented by the students, lead a discussion highlighting the following facts.
  - Point out that the information is exchanged among various parties of the organization.
  - That the exchange of information in an organization in that manner is referred to as communication
  - And that the communication is necessary for the function of leading employees in the management.
  - By introducing what the communication is as a function of the process of leading, Explain the way that the communication assists for the receipt of ideas and suggestions of employees to top management and usage of those ideas and suggestions for organizational activities.
  - Explain that the important information of the organization is provided to employees verbally, in written form and electronically by the managers of the organization
  - Point out that while the management also receive information informally, these information also become important
  - Use the following diagram to explain the way that the communication takes place in a firm





- Emphasize that the communication of an organization flow from top management to employees as well as from employees to top management, that this takes place through a formal hierarchy, that this is the formal communication and that it takes place from top to bottom and from bottom to top. Similarly, this communication takes place among departments of a firm where there are departments in it.
- Emphasize that the communication that takes place informally is also important.
- Make students engage in the following activity by grouping them in a suitable manner.
- Make students engage in the following activity by grouping them in a suitable manner.

- Given below are few ways that communication takes place in your school.
  - Formal Communication
  - Informal Communication
  - Vertical Communication
  - Horizontal Communication
- Among the above communication methods focus on the communication method that your group has received.
- Gather the following facts through a group discussion
  - Defining the communication method
  - Examples for the communication method
  - The importance of the relevant communication method to the school
- Present your findings creatively to the class

### **A Guideline to Explain Subject Matters:**

- Exchanging information between two or more parties with clear understanding is known as communication.
- The importance of communication
  - To prepare plans for establishing goals and objectives of an organization
  - To organize well the activities of the firm
  - To get required information to make decisions
  - To manage human resource
  - To implement the overall control activities of the firm
  - To create a transparency of all the activities of the firm
  - Bonding most of the day today activities of managers to communication
- The communication can take place in a organization in the following manner
  - Vertical Communication
    - Top to bottom
    - Bottom to top
  - Horizontal Communication
- The communication that takes place from top to bottom and from bottom to top in an organizational hierarchy is known as vertical communication.
- The communication that flow in the organizational hierarchy from top level managers to first line managers or to subordinates is known as top to bottom communication.
- The communication that flow in the organizational hierarchy from first line managers or from subordinates to top level managers / executives is known as bottom to top communication.
- Communication that 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 accepted communication method that takes place in a reporting form with transparency and flows in the official hierarchy of the organization is known as formal communication. That is to say, the systematic and organized communication which flows from top to bottom, bottom to top and horizontally is known by this. The flow of the formal communication is shown in the organizational chart.
- The communication that takes place beyond the official hierarchy of the organization, officially unaccepted and without transparency is known as informal communication. In other words, the exchange of information in addition to the formal communication is known by this. There are advantages as well as disadvantages to a business organization from informal communication.
- There are advantages as well as disadvantages to an organization from informal communication
- Advantages
  - Faster than formal communication
  - Fulfillment of individual, social and mental requirements.
  - Ability to reveal true information which is very difficult to get to know
  - An advance preparation for decision making
- Disadvantages
  - Most of the time the increase in communication of ultra information.
  - Getting a misunderstanding
  - Adversely affecting the goodwill
- There is an ability for a business organization to disclose problems earlier and to know answers and ideas for some problems because of informal communication. Similarly, the informal communication facilitates to disclose financial fraudulent etc.....that takes place in a firm. There is a possibility of disclosing disciplinary problems as well.



**Competency 12.0 : Shows the necessity and importance of management in the achievement of the objectives and goals of individuals and organizations**

**Competency Level 12.12 : Examines the necessity and importance of controlling to achieve the expected goals**

**No of Periods :04**

**Learning outcomes :**

- Controlling" Defines "
- controlling Lists the steps of
- step of controlling process Explains the each
- of controlling Explains the types
- to explain the types of controlling Provides examples
- of controlling through given case Explains the types

**Instructions for lesson planning :**

- Exhibits in the classroom the data on production and sale in one month of a firm that produces and sells fruit drinks

<b>The department of the firm</b>	<b>Estimated Units</b>	<b>Actual Units</b>
-----------------------------------	------------------------	---------------------

Production department	5000	5000
Marketing department	4500	4200

- Discuss with the students about the data obtained from these production and marketing departments
- Point out that the estimated / targeted production equals to actual production in the production department
- State on the board by inquiring from the students the reasons that influenced for this  
Example :
- Having trained employees
- Availability of raw materials
- Maintenance of machinery properly
- Since the actual sale of the marketing department has been decreased compared to the estimated / targeted sale, state on the board by inquiring the reasons for being reduced so  
Examples :
- Changes of climates
- Shortcoming in delivery ways
- The prevailing political environment in the country
- Explain that in this manner, that there can be variances when the actual results are compared with planned results of any organization, and that the management process relevant to identifying them and taking necessary actions to correct them can be said as controlling

### Activity 01

- Make students engage in the following activity by grouping them in a suitable manner.  
Following are some data on the production of two months of three production institutes.

Production Institute	January		February	
	Estimated Production Units	Actual Production	Estimated Production Units	Actual Production
1. Soft drink producing institute	10,000	9,000	12,000	12,000
2. Apparel producing institute	50,000	50,000	55,000	50,000
3. Footwear producing institute	35,000	3,000	4,000	4,000

- Reveal the  
following facts using the data of the production institute that your group has received among the three production institutes.
- Identify the deviations regarding the production relevant to the month of January
- Identify the deviations regarding the production relevant to the month of February
- Write the reasons for occurring deviations relevant to the production that you have received.
- Suggest actions that can be taken to avoid these deviations
- Present your findings creatively to the class.

- State the way that the controlling being important for fulfilling the goals
- Ensure that there  
should be a proper controlling in every organization to reach the expected goals and that if they do not reach the established standards / goals, necessary actions should be taken to correct them by disclosing the reasons influenced for it.
- Point out that the  
actions taken for reaching the goals of an organization should always be monitored and

that should be conducted before the commencement of the process, in the middle of the process as well as at the end of the process.

### **Activity 2**

- By providing recommended instructions for learning, make student engage in the following activity by grouping them in a suitable manner.
- Followings are three cases regarding three business organizations.  
The machine operators of " Aruni Printers" monitor daily before the printing activities, if the machines are operated in suitable manner, if the power supply takes place properly, if all the letters of the key board are functioning properly. A part from this, they monitor if there are required amount of required papers and inks. Technical officers also monitor once a week the condition of the machines being suitable.
- It is a normal situation that the bank manager of "Pragathi Bank" getting up from his seat and observing the premises of the institute in a mid of the daily operations. During these situations, if longer queue could be seen, he opens another counter or extra employees are provided to assist in counters. While he constantly monitor regarding the fulfillment of customers' needs, he takes necessary actions right there.
- Sunimal, who maintains a private transport service, doesn't carry on the maintenance services of the vehicles and his practice is to renew the bus with extra parts. When it is met with a disaster. There fore he is subjected to the blame of passengers as well as he will have to face a great loss.

- Focus on the case which is relevant to the business organization that you have received.
- Identify the way of conducting the controlling function relevant to that case.
- Suggest a suitable name for the controlling technique that is followed by that institute.
- State how far this process is appropriate to fulfill the goals of the organization
- Present your findings to the whole class.
- According to the above cases
- Explain that the avoiding that Aruni Printers follow to control the production process is the "Feed forward control"
- The technique that Pragathi bank follows to control its daily routine is the " Concurrent controlling"
- And the technique that Sunimal follows in transportation service activities is the "Feedback controlling"
- Discuss with the students the importance of the controlling for the fulfillment of the goals of an organization

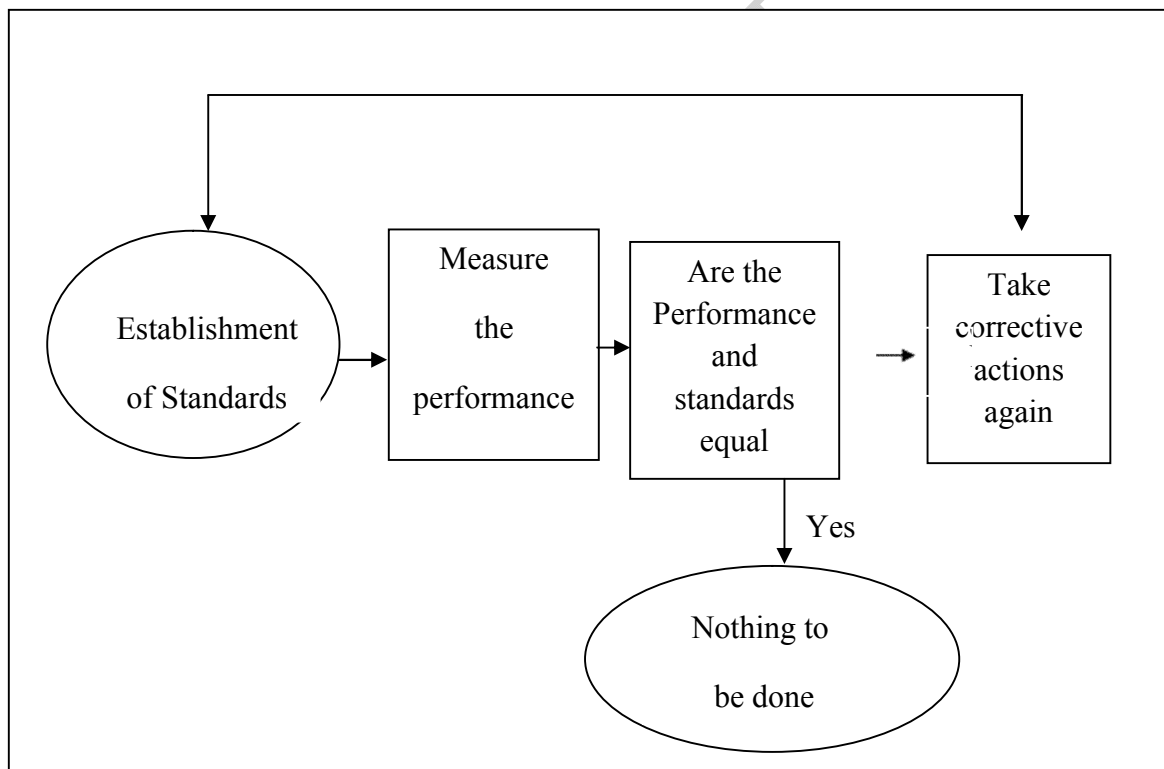
**.A guideline to explain subject matters.**

- Comparing the actual performance with planned performance of an organization, identifying the variances if any and taking necessary actions to correct them can be said as controlling.
- The process that is followed to ascertain if he expected goals and standards of an organization are actually fulfilled is known as controlling.
- The importance of the controlling process can be listed as follows.
  - Ability to protect the quality of the product
  - Ability to minimize the cost
  - Ability to minimize faults or make it zero
  - Ability to match in accordance with environmental changes.

- Ability to observe the progress of the organization and to correct the faults.
- Ability to ascertain that the performance of the institute is carried out in an expected level.

- The steps of controlling can be listed as follows.
  - Establishment of standards
  - Measure the performance
  - Recognize deviations
  - Take corrective actions

- The steps of controlling can be depicted in the following diagram.



- Establishment of standards means, setting criteria in order to compare actual performance in future.
- Measuring of performance means, measuring the performance that actually takes place.
- 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.
  - Feed forward control
  - Concurrent control
  - Feedback control
- Feedforward control is a technique used to avoid disadvantageous results and their unfavorable damages that may cause in the future on the performance of an organization.

Examples:

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

Examples:

- Quality control conducted in the process of manufacturing;
- The process of internal auditing
- Stock control

Example:

- Taking steps to repair a machine of a factory, it having been inactive.
- Fed back control is the taking of corrective actions for the deviations between the expected performance and the actual performance of the firm. Having he process been taken place, if there is a deviation by the end of it, that is corrected once found, In this feedback control, the process of controlling start at the end of the task.

**Competency 13.0:** Evaluates the contribution of operations management for the success of businesses.

**Competency Level 13.1 :** Examines the importance and functions of operations management.

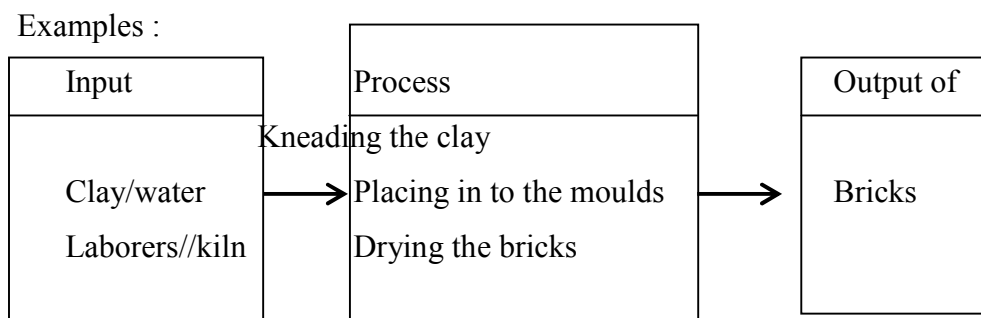
**No of Periods :** 03

**Learning Outcomes:**

- Explains the concept of "Operations".
- Defines "The Operations Management"
- Explain the importance of operations management
- List the functions of operations management
- Explains each function of operations management in brief.

**Instructions for Lesson Planning**

- Inquire from the student about the various business organizations in the vicinity of the school. Write those names on the chalk board. Show that these businesses can be categorized as goods producing businesses and service producing business.
- Explain that the activities carried out converting inputs into outputs by goods producing businesses and service producing businesses are referred to as operation activities and the planning, organizing, leading and controlling of those operation activities are referred to as operations management.
- Explain how the operations management is important for the fulfillment of the aims of businesses.
- Explain that various resource (inputs) are used for the operations process and the process of converting those resources into output is referred to as conversion process. Explain by using the following manner of examples, that the value of the final product increases by adding a value to the resources at the conversion process and this value is referred to as added value.





- Listing out the functions of operations of operations management in order, explain each function of the operations management in brief.
- Using the above example, explain the activities, that are carried out, relevant to the functions of operations management.
- Make students engage in the following activity by grouping them in a suitable manner.

- Focus on the title you have received between the following two titles.
  - Service producing business
  - Goods producing business
- Identify five businesses, relevant to the title that you have received.
- Among those businesses, identify the operation activities carried out by one through a discussion.
- Show in a diagram, the input output process of the business that you have identified.
- Explain how the operations management is important for the fulfillment of the aims of the business that you have selected.

### **A Guideline to Explain Subject Matters**

- All the activities carried out relevant to the conversion of inputs (resources) into output (goods or service) within the production process is referred to as operations activities.
- Operations activities are carried out in goods producing businesses as well as in service producing businesses.
- Tangible goods are mainly produced in goods producing businesses.

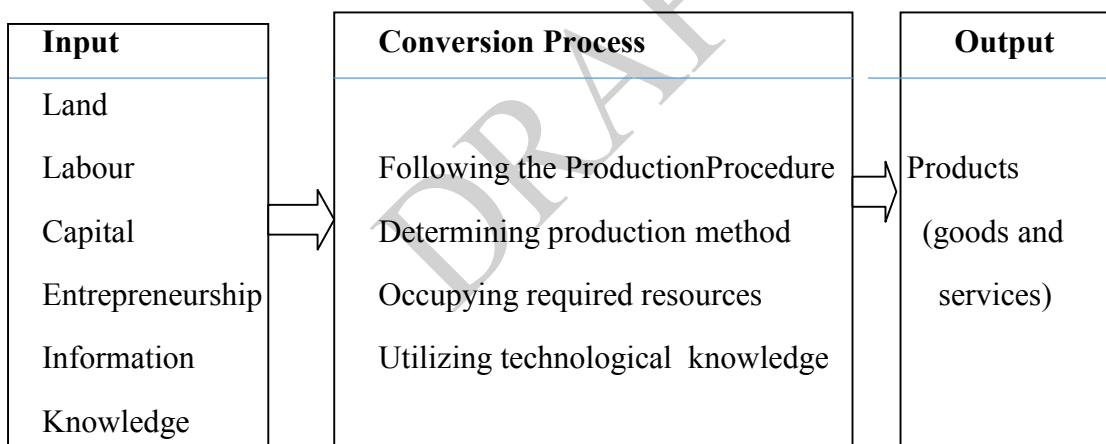
Examples ;Sandles, Milk Powder, Soft drinks.

- Intangible goods are produced in service producing businesses  
Example; Medical Service, Transportation Service, Insurance Service
- The group of managerial activities relevant to the planning, organizing, leading and controlling of the operation activities to attain the aims and objectives of an organization is the Operations Management.
- Accordingly, the operations management can be referred to as a complex management process which comprises of leading and regulating the functions such as production engineering, production planning, purchase of materials, production control and research development.

- While the operations management contributes of the fulfillment of the aims and objectives of an organization, the basic function of operations management is to produce high quality goods and services using resources (inputs)

### The importance of Operations Management

- The ability to produce high quality goods and services.
- The ability to improve efficiency and effectiveness of the operational process.
- The ability of reduce productions cost and improve profit
- The ability to face the competition successfully in the global environment.
- The ability to introduce goods and services with novelty.
- The ability to contribute towards the sustainable development of the organization as well as the country through fulfilling the social responsibilities.
- Transformation of inputs into outputs is known as conversion process and that can be illustrated as the following diagram.



- The value of the product increases by adding a value to the inputs at each stage in the conversion process and that is referred to as added value.

Examples : In apparel production the value of apparels will be increased having them been passed through the stages. Such as cutting of materials. sewing, ironing and packing etc....

The functions belong to operations management can be shown as follows

- Production Engineering
- Production Planning
- Purchasing Materials

- Production Controlmg
  - Research and Development
- 
- Making decisions on the production process, required plant and machinery, production schedule, required materials, deciding of required quantity of materials and their quality etc. is referred to as production engineering.
  - The activities relevant to determining of the requirements such as required plants, machinery, materials, labor etc. by a firm for its production process are referred to as production planning.
  - The program generated by the production planning prepared purposefully at present is known as production plan.
  - The production plans thus made can be categorized as short-term production plans and long-term production plans.
  - Obtaining the right materials in required quantity, at required time and at minimum cost is known as purpose.
  - Inspecting if the goals established in accordance with production engineering and production planning, are being reached and if not, determining necessary remedial actions for them, are done under production control.
  - Machinery control, Stock control, quality control, cost control etc... belong to production control.
  - Collecting information regarding existing product, production process, new production planning and developing them are referred to as research and development.

<b>Competency 13.0</b>	:	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level 13.2</b>	:	Suggests a suitable production method by inquiring the goods production methods.
<b>No of Periods</b>	:	08

### Learning Outcomes:

- Defines the “Production Methods”.
- Classifies Productions Methods.
- Explains each Production Method.
- Shows favorable and unfavorable characteristics of each production method.
- Shows the production method used for an existing product
- Lists the facts to be considered when selecting a production method.
- Suggests a suitable production method for a given product.
- Shows the necessity of an operational layout plan.
- Explains the types of operational layout plans.

### Instructions for Lesson Planning

Few flashcards are given below.

(1) Sewing outfits for brides (2) Production of bakery product (3) Production of soft drinks

- Inquire the following information by showing each flash card to the students.
  - The way that a producer act at sewing an outfit for a bride.
  - The way that a producer act at producing bakery products.
  - The way that a producer act at producing soft drinks.
- Explain the following facts by considering the answers of the students.
  - Explain that some producers produce after receiving an order, some producers produce continually and some producers produce a similar production batch and again another similar production batch.
  - Accordingly, explain using examples that there are three methods of production as job production, batch production and flow production according to the productions are carried out.

### **Lead a discussion by pointing out the following facts**

- Explain with an example that several factors are considered in deciding a method to produce a good or a service and a layout planning is prepared after deciding each production method.

**Example :** When preparing a layout planning of a place where outfits for bride are sewed, the layout is planned by deciding the locations such as a work station for taking measurements, a workstation for cutting clothes, a workstation for machines to be installed and a workstation to check if outfits fit on etc.

- Make students engage in the following activity by grouping them in a suitable manner.
- Focus on the production method that you have received among the following production methods.
  1. One-off production/Job production
  2. Batch production
  3. Flow production
- List out products that have been produced through the production method which you have received.
- Give reasons for using the production method which you have received for those products.
- List out favorable and unfavorable characteristics of the production method which you have received.
  - Reveal your findings to the classroom.
  - Define what an operational layout planning is and explain the necessity of operational layout planning and the ways of categorizing layout planning.

### **A Guideline to Explain Subject Matters**

- Various ways that a production firm conducts its production is referred to as production methods.
- Production methods can be categorized as follows
  - Job production/ one-to-one production
  - Batch production
  - Flow production

## **Job Production**

- Job production refers to the production for a specific order of a customer in which one item is produced from the beginning to the end based on the current demand.

Example: •Sewing outfits for a bride

- Making a cake for a birthday party
  - Designing an architect planning for the need of a person.
- 
- Favorable Characteristics of Job production:
    - Producing on the need and want of a customer
    - High level consumer satisfaction can be maintained
    - No risk since production is done to an order
  - Unfavorable Characteristics of Job production:
    - Cost is higher
    - Always skilled and trained employees are needed
    - Special multi use equipment and tools are required.
    - Production is not done mainly focusing on the market.

## **Batch Production**

- Here, the production of similar items take place at one time. While the production is carried out in a continuous process; the material, labour, the number of units, types and working hours can be different from batch to batch through they are similar in nature mostly.

Example : •Production of bakery items.

- Sewing the uniforms for pre-school students.
- 
- Favorable characteristics of batch production :
    - The finish of the product can be modified from one batch to another.
    - Receiving discounts since a large amount of materials are purchased.
    - Unit cost is less, compared to job production.
  - Unfavorable characteristics of batch production
    - Cost is high as machines and equipment have to be readjusted from one batch to another.
    - Unit cost is high relative to flow production.
    - Reduction in economies of large scale.

- **Flow production**

- Flow production refers to the production of large amount of one kind of product on a continued basis, with an unbroken flow based on the future demand

Example : •Production of soft drinks  
•Production of motor vehicles

- Favorable characteristics of flow production :
  - Unit cost falls due to economies of large scale advantages
  - Mostly the flow production can be controlled by few employees.
  - New technology can be used easily.
- Unfavorable characteristics of flow production
  - Financial difficulties since Requiring a large investment
  - Difficulty in making any changes as production occur on serial orders as decided earlier.
  - Has to face market risk.
- Differences in Production Methods can be shown as follows :

**Production Methods**

Criteria	Job Production	Batch Production	Flow Production
1. Volume of output	Very low	Medium quantity	Very high
2. Product range	Varied	Only few	Only one
3. Flexibility of production process	Very high	Normal	Very low
4. Make to order or for stock	For an order	Make to order and for stock wise	For stock wise.

- Factors to be considered in selecting a production method
  1. Nature of the product
  2. Market size
  3. Technology used and equipments required
  4. Cost incurred
  5. Purchasing pattern (always?/occasionally?)

## 6. Convenience in obtaining resources

- Planning of physical facilities such as workstation centers, materials, machinery and equipment, supporting services etc. for an efficient production procedure is known as operational layout planning.
- The necessity of a operational layout planning can be shown as follows.
  - Growth in efficiency in the use of materials and machinery
  - Maximum use of the available space
  - The cost in making use of materials can be reduced.
  - Barriers while handling materials and employees are reduced.
  - Reduction in industrial accidents.
  - Easy communication, coordination and supervision
  - Improved employees' morale
  - Time can be managed well
- Operational layout planning can be categorized as follows
  1. Process layout
  2. Product layout
  3. Cellular layout
  4. Fixed-position layout

### **Process Layout**

Preparing the layout to conduct all the activities to complete one stage of a production process at one place is known as process layout. Here, the employees involved in the similar function are located together in one section. Functions are planned to flow along the production process.

Example : Planning the layout of a furniture factory

### **Product Layout**

Preparing the layout to flow the total production process from one workstation to another in linear way is known as product layout.

Example: Planning the layout of a firm producing motor vehicles.

### **Cellular Layout**



Preparing the layout by fixing similar and scalene machinery in separate cells to flow the functions of production in a production process is known as cellular layout.

Example: Planning the layout of an apparel factory

### **Fixed Position Layout**

Preparing the layout to conduct the production by bringing inputs such as materials, labour, power and tools etc.to the place itself where the production takes place is known as fixed position layout.

Example: Construction of buildings

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**Competency 13.0 :** **Evaluates the contribution of operations management for the success of businesses.**

**Competency Level 13.3 :**Calculates the Break Even point comprising the total revenue and total cost.

**No of Periods :** 06

**Learning Outcomes:**

- Explains total cost.
- Classifies cost as fixed cost and variable cost.
- Provides examples for each type of costs.
- Explains total revenue.
- Explains Break Even Point.
- Calculates the Break Even point using the equation.
- Draws the Break Even Point graph using the given information.
- Lists the advantages of Break Even Point Analysis.
- Calculates the unit contribution, amount of units and value of Break Even Point using the given information.
- Calculates the Break Even Point using graphs.
- Explains the limitations of the Break Even Point analysis.

**Instructions for Lesson Planning**

- Instruct students to remind a furniture manufacturing firm.
- The costs can be such as cost for timber, rental for building, salary for wood carving artist, salary for carpenter, electricity charge, assessment tax, salary for watchman etc.
- State the costs that the students presented on the chalkboard.
- Inquire from the students if the costs written on the board can be classified on a certain basis.
- By considering the bases of the students, classify the cost as the cost incurred though the furniture is produced or not and the costs incurred only if the furniture is produced as follows.

<b>Cost incurred even without producing furniture</b>	<b>Cost incurred only if furniture is produced</b>
Rental for building	Expenses for timber
Electricity charge	Salary for wood carving artist
Assessment tax	Salary for carpenter
Salary for watchman	

- Explain that the cost incurred even without producing the furniture is as fixed cost.
- And the cost incurred only if the furniture is produced is as variable cost.
- To recognize fixed cost and variable cost, make the student engage in the following activity.

#### **Activity 01**

- Given below are two production businesses. Between them, focus on the business that your group has received.
  - A business that produces cement bricks.
  - A business that produces apparels.
  - Write two fixed cost items of the business that your group has received.
  - Write two variable cost items of the business that your group has received.
  - Present the findings creatively to the class.
  - Explain the students that the total cost comprises of fixed cost and variable cost.
- Make student engage in the following activity by grouping them in a suitable manner.

#### **Activity 02**

- Focus on the incident that your group has received among the following incidents.

##### **Group – 1 (Apparel Production)**

The monthly apparel production of XY fabric apparel firm is 100 units. The monthly rental for the building where production is conducted is Rs. 30,000/-. It is estimated that the charge for an employee to stitch one unit is Rs.200/- , The cost of purchasing

materials to produce apparels is Rs.50,000/-, the cost of purchasing threads is Rs.12,500/-. And one produced unit is expected to sell at Rs.1,750/.

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### **Group – 2 (Cement bricks Production)**

The estimated selling price of one cement brick of Dilum Bilders Company is Rs.50/-. It is expected that the cost of cement to produce for one month is Rs.15,000/- and employee salary for producing 100 bricks is Rs. 1,000/- and it is expected that cost of purchasing sand is Rs.12,000/-. The expected production units of cement bricks for a month is 1200 and, it is expected to pay monthly rental of Rs.13,000/- for the rental machine.

### **Group – 3**

It is expected in an ornamental clay pot production firm, that the monthly cost for purchasing clay is Rs.25,000/-, for colours/paints Rs.5,000/-, for polishing materials another Rs. 6,000/-. The number of clay pots that the firm expects to produce is 250 units. The selling price of a clay pot is Rs.500/-. Moreover, the firm has paid a monthly rent of Rs.28,000/- for the building where the factory is situated. The salary of an employee for producing 100 posts is Rs.10,000/

- By identifying variable costs of the relevant business separately, calculate the total variable cost of each business.
- By identifying fixed costs of the relevant business separately, calculate the total fixed cost of each business.
- Calculate the total cost of the relevant period.
- Calculate the income of the relevant period of the relevant business.
- Calculate the profit of the relevant period.
- Present your findings to the whole class.
- Engage in a discussion with the answers that each group calculated. Discuss things like have the businesses earned profits? Or losses? Are the earned profits adequate? Etc...
- Explain that the Break Even analysis can be used to take various decisions regarding the production cost, profit and income of a business and by that analysis, the point at which the income is equal to cost can be calculated as well, which is referred to as the Break Even Point.
- Lead the students step by step as follows to calculate Break Even Point from the collected data relevant to the product they have received and depict the Break Even Point graphically.

### Step - 01

- According to the given data, make student calculate the Break Even Point using the following equation.

$$\text{Units in the Break Even Point} = \frac{\text{Total Fixed Cost}}{\text{Contribution Per Unit}}$$

- Show them that the variable cost per unit should be subtracted from the selling price per unit to calculate the contribution per unit.

### Step - 02

- Instruct them to prepare a table in the following manner to create cost lines required to depict break even point graphically.

Number of units	Price per unit Rs.	Total revenue Rs.	Fixed Cost Rs.	Variable Cost Rs.	Total Cost Rs.

- Instruct them to write units from 0 to the maximum capacity of 1000 in the column for number of units of the table.
- Instruct them to calculate the total revenue by multiplying the number of units by the selling price per unit and write them in the total revenue column.
- Instruct them to write the fixed cost in the relevant column as a fixed value since it doesn't change in accordance with produced units.
- Instruct them to fill the column for variable cost by multiplying variable cost per unit with the number of units.
- Instruct them to calculate total cost by adding fixed and variable cost together in each level and write in the relevant column.

### Step - 03

- Instruct them to create the graph using the data from the prepared table
- Make them name the vertical axis as total revenue and total cost.
- Make them name the horizontal axis as the number of production units.

- Instruct them to draw the fixed cost line parallel to horizontal axis to show the fixed cost.
- Mark the points of total cost line and match them. Show the students that the reasons for total cost line not to be starting from zero point is because a fixed cost has to be borne even when the production is zero.
- Mark the points for creating total revenue line and match them.

#### **Step - 04**

- Show them that the intersection point of the total revenue line and total fixed cost line is the Break Even Point (BEP).

#### **Step - 05**

- Ensure, that by drawing a line from the break-even point to the horizontal line, the number of units in the Break Even Point can be found and that this number of units were obtained when calculating from the formula as well.
- Explain that the total revenue and total cost are equal in the break-even point and there is no profit no loss at this break-even point.
- Demonstrate them that to earn a profit, a number of production units or a number of selling units should be at a point which is beyond the Break Even Point.
- Show them how to calculate profit or loss in various levels.
- Discuss the advantages and limitations of the Break Even Point.

#### **A Guideline to Explain Subject Matters**

- The cost, which up to a certain production level, doesn't change with the number of units produced is known as fixed cost.

Example: Rent of the factory, Assessment tax of the factory.

- Fixed cost doesn't change either the maximum capacity is produced within a short period of time or not produced at all.
- The cost that changes with the number of units produced is known as variable cost.

Example: Direct material cost, direct labour cost

- The sum of the fixed cost and variable cost is the total cost.

$$\text{Total Cost} = \text{Fixed Cost} + \text{Variable Cost}$$

- The revenue that businesses receive from selling its products in a specific period of time is known as total revenue.

$$\text{Total revenue} = \text{Number of Selling units} \times \text{Selling price per unit}$$

- The contribution can be calculated by subtracting variable cost from total revenue.
- The contribution can be calculated as total contribution and unit contribution.

- Profit can be calculated by subtracting total cost from total revenue.

$$\text{Profit} = \text{Total revenue} - \text{Total cost}$$

- The production or the selling level at which a business receives neither profit nor loss is the Break Even Point (BEP).
- At this point, the total revenue is equal to the total cost. The selling units or the production unit of this point is the number of units of Break Even Point.
- Break Even Point can be represented by a equation as well.

$$\text{The number of units of the Break Even Point} = \frac{\text{Total Fixed Cost}}{\text{Contribution Per Unit}}$$

$$\text{Contribution Per Unit} = \text{Selling price per unit} - \text{Variable cost per unit}$$

- Calculating the Break Even Point and representing the Break Even Point graphically can be done using the following manner example.

Example : The production volume of a certain company's product is 1000 units per month. The other relevant details of that product are as follows.

The selling price per unit      Rs.    10

The variable cost per unit      Rs.    5

The fixed cost                      Rs. 3000

The expected units of production 800 units.

$$\text{The units of the Break Even Point} = \frac{\text{Total Fixed Cost (F)}}{\text{Contribution Per Unit(C)}}$$

$$= \frac{3000}{5}$$

$$= 600 \text{ units}$$

- The contribution per unit = The selling price per unit (s) - The variable cost per unit (c)

$$= 10 - 5$$

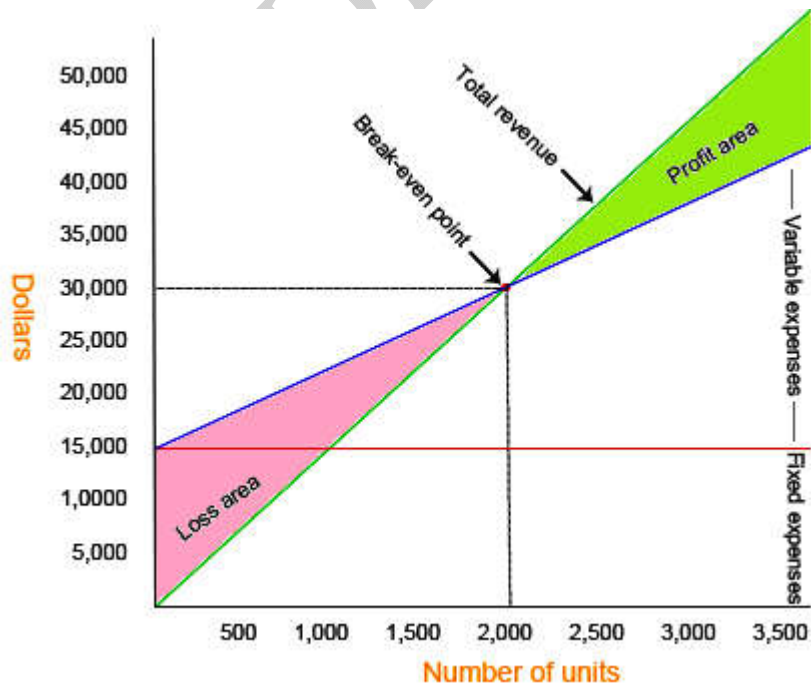
$$= \underline{\underline{5}}$$



- The following table can be prepared to represent the Break Even Point graphically.
- The Break Even point can be shown graphically as follows.

The number of units	The price per unit Rs.	Total revenue Rs.	Fixed Cost Rs.	Variable cost Rs.	Total cost Rs.
100	10	1000	3000	500	3500
200	10	2000	3000	1000	4000
300	10	3000	3000	1500	4500
400	10	4000	3000	2000	5000
500	10	5000	3000	2500	5500
600	10	6000	3000	3000	6000
700	10	7000	3000	3500	6500
800	10	8000	3000	4000	7000

ak Even point can be shown graphically as follows.



- The profit or loss at various production or selling levels can be shown as follows.

Example :

At the production of units	600
Total revenue	Rs. 6000
Total cost	Rs. 6000
Neither profit nor loss	

At the production of units	400
Total revenue	Rs. 4000
Total cost	Rs. 5000
The loss	Rs.1000
At the production of units	700
Total revenue	Rs. 7000
Total cost	Rs. 6500
The profit	Rs. 500

#### **Benefits of the Break Even Point analysis.**

- Ability to use as a controlling instrument for cost, profit and volume in business.
- 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 turnover.
- Ability to understand the nature of risk of falling sales by identifying safety margin.

- **Limitations of the Break Even Analysis.**

- Though the Break Even Point analysis is important for short-term decision makings, it is not successful in using for long-term decision makings.
- The limitations made through the assumptions at the Break Even Point analysis.

Example : Though the fixed cost doesn't change according the production or sales in short period, it can be changed with a long period.

<b>Competency 13.0</b>	:	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level 13.4</b>	:	Shows the fact to be considered for the success of purchasing of materials
<b>No of Periods</b>	:	03

**Learning Outcomes:**

- Explains the necessity of purchasing materials and services for a firm.
- States examples for materials and services purchasing.
- Lists the steps of the process of purchasing.
- Explains each step of the process of purchasing.
- Lists the facts to be considered in purchasing.

**Instructions for Lesson Planning**

- Inquire the following question from students and write the received answers on the chalk board.
  - What are the materials required for a newly made home?
  - What are the services required for that home?
  - What are the procedures that can be taken for purchasing those materials?
  - What are the factors to be considered in purchasing those materials and services?

- Lead a discussion pointing out the following factors by considering the information stated on the board.
  - State that various materials and services have to be purchased for the production process.
  - That materials are purchased for office use as well as for production activities.
  - State that a firm follows a certain procedure in purchasing materials and services which consist of few steps.
  - State that there are many factors to be considered in purchasing materials and services.
  - Make student engage in the following activity by grouping them in a suitable manner.

- Focus on the manufacturing business organization that your group has received between the following manufacturing business organizations.

1. A firm that produces cements bricks.
2. A firm that produces apparel.

- List the materials and services that are purchased by the business organization that your group has received.
- Classify the materials that you have listed under the two titles named as for the production activities of the business and for the office use.
- List the stages that you follow in the process of purchasing.
- Name the factors to be considered in purchasing those materials.
- Present your findings to the classroom.

#### **A Guideline to Explain Subject Matters.**

- Various items are required to be purchased in the process of production and they can be categorized mainly as materials and services.
- Materials Purchased can be
  - Materials required for production activities of a business.  
Examples : raw materials, capital equipment, elements, fuel
  - Materials required for the consumption of a business  
Examples : stationary, office equipment
  - Purchased Services  
Examples : Security Services, maintenance services, transport services, clearing services, electricity and water etc.
- There is a separate department or a manager in charge of purchasing materials in some of the businesses. (Purchasing manager)
- The steps of purchasing process can be mentioned as follows.
  - Notifying the materials requirements to the purchasing department.
  - Finding of a supplier
  - Placement of order
  - Receipt of goods
  - Payment of cash

Few of the matters that have to be considered in purchasing materials.

- Product specification
- Quality of materials
- Price
- Speed in supply and the continues availability
- Trustworthiness of suppliers
- Lead time
- Terms of payment

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<b>Competency 13.0</b>	:	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level 13.5</b>	:	Examines suitable methods for stock controlling
<b>No of Periods</b>	:	06

### **Learning Outcomes:**

- Defines stock controlling.
- Explains the necessity of stock controlling
- Describes various stock controlling methods separately.

### **Instructions for Lesson Planning**

- Inquire from the students the way that consumer goods are purchased for home consumption.
- List the received answers as follows.
  - Purchasing day today food requirements only in required quantity daily.  
Example : loaves of bread, meat, fish
  - Purchasing required quantity of required items for two or three days.  
Example : vegetables, fruits
  - Purchasing required quantity for the period of one or two weeks at once.  
Example : Sugar, tea powder, rice, dhal
  - Purchasing required quantity for a period of a month at once  
Example : chili powder, curry powder, soap, toothpaste
- Discuss, that purchasing systematically in this manner results in cost reduction and waste reduction, whereas by not having required items at required time leads to daily routines to be unsystematic and excess possession of them leads them go bad.
- In the same manner, explain that to carry out production activities continuously, optimum levels of stock should be maintained and that is referred to as stock control.

- Make students engage in the following activity by grouping them in a suitable manner.

- Focus on the title that your group has received among the following titles.
  - A site where cement bricks are produced
  - An apparel factory
  - A firm that builds buildings
- List the materials required for the production of the business relevant to your title.
- Explains the ways of obtaining and storing of those materials.
- List the unfavorable results occur due to the shortage of material stocks.
- List the results that may occur by having excess material stocks.
- Reveal your findings to the class.

- Explain that stock control is required for a business to maintain an optimum level of stock and various stock control methods are used for stock control.

#### **A Guideline to Explain Subject Matters.**

- Maintaining stocks at an optimum level with the low cost in order to maintain the continuity of the manufacturing process is known as the stock control.
- Holding stocks so as not to create any shortage nor excess of stocks is meant by optimum stock.

#### **The necessity of stock control**

- To continue the production and marketing activities.
- To reduce the cost of holding the excess or the insufficient stocks.
- To get the maximum use of resources such as machinery, labour etc.
- To face unexpected situations of demand.

#### **Stock Control Methods**

##### **1. Stock Level Determining System**

Making an attempt to hold stocks by determining various stock levels such as maximum stock level, minimum stock level re order level and economic ordering quantity is known as stock level determining system.

##### **2. ABC Analysis**

Firm that hold a great number material items use ABC analysis for controlling stocks. This method is done on the value of the items and required space.

- Keeping stock 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.

Items	Required Space	Value
A	10%	70%
B	30%	20%
C	60%	10%

### 3. Two bin System

By keeping the same kind of stocks in two bins one large and the other small, first the stock in the large bin is used until they are finished. Then the stock having been ordered, the stock in small bin is used until the receipt of the ordered stock. This method is known as two bin system. After receiving the ordered stock, filling the small bin first then the large one and using them is a significant characteristic of this.

### 4. Continuous Stock Recording System

Recording the changes in stocks then and there and keeping the records so as to know the balance in the store at any time is known as continuous stock recording system.

Example : Bin Card

In this method separate bin cards are used for each stock item for recording the issue and receipt of stock items then and there.

### 5. Computer Program.

Using computer software developed for controlling stock is known as controlling of stocks using computer programs.

### 6. JIT Method

- The Method of obtaining materials for production at the required time in correct quantity and delivery the output to the market immediately is known by this. This method can be introduced as a method that minimizes the storage cost by keeping finished goods stock and materials tocks at zero level.
  - Since a considerable cost that is included in production cost is storage cost, JIT method is implemented by reading storage cost where storage of finished goods and materials doesn't take place.



<b>Competency 13.0 :</b>	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level 13.6 :</b>	Decides the necessary Stock Levels to maintain an optimum stock.
<b>No of Periods :</b>	05

**Learning Outcomes:**

- Describes separately various stock levels required to maintain an optimum stock.
- Explains the facts to be considered in calculating stock levels.
- Calculates various stock levels using the given information.
- Presents stock levels graphically

**Instructions for Lesson Planning :**

- Ask students to remind a bakery situated in the vicinity of the school.
- Lead a discussion by pointing out the following facts.
- Explain that in bakery loaves of bread and buns are produced daily and continuously.
- That various stocks are required for the production activities of the bakery.  
Example: flour stocks, sugar stocks
- And that those stocks are stored in accordance with the available space and the amount of daily production.
- Explain that in this manner, the required amount of stocks are stored in the storages of manufacturing and trade businesses for the continuing of their activities and that it is important to maintain an optimum level of stock so as not to create excess nor shortage of stocks.
- Explain that there are various stock levels in a business such as maximum, minimum, re ordering level and those stock levels can be calculated by equations and can be represented graphically.

**A Guideline to Explain Subject Matters**

- An optimum level of stock is maintained by an efficient stock controlling method.
- 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 or selling activities 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 in accordance to the changes occur in the amount of production or selling of a firm as,
  - Maximum quantity of consumption
  - Minimum quantity of consumption
  - Average quantity of consumption

$$\text{Average quantity of consumption} = \frac{\text{Maximum quantity of consumption} + \text{Minimum quantity of Consumption}}{2}$$

- Duration of time from the event of ordering to the event of stocks reaching the stores is known as the re-order period (Lead Time)
- This period also can be differed on various reasons
- Those period can be differed as minimum order period, average order period and maximum order period.
- Number of units included in a single order so as to minimize stock holding cost and ordering cost is known as Economic Order Quantity (EOQ).
- Few crucial stock levels in maintaining an optimum stock level are given below.
  - Re-order level
  - Minimum Stock level
  - Maximum Stock level
- The stock level at which a firm decides to place an order again while the stock is being decreased gradually with the consumption of stocks for production or selling of a firm is known as re-order level.
- Re-order level can be calculated 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 stock level should be maintained for the conduct of continuous production of or selling activities.
- The following unfavorable consequences may occur if the stocks in the stores drop below the minimum stock level.
  - Interruption in continuous production process.
  - Inactive cost may occur to business from machinery.
  - The idle time of employees being increased.
  - Inability to complete instant orders.
  - No receipt of orders for a business.
- Minimum stock level can be calculated as follows.

$$\text{Minimum stock level} = \text{Re-order level} - (\text{Average usage} \times \text{Average order period})$$

- 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 advisable to exceed this level. The following unfavourable consequences may occur there.
  - Stocks being perished, , obsolescence of stock and damages for stock
  - Increase in storage cost and safety cost
  - Difficulty in working capital
- Maximum stock level can be calculated as follows

$$\text{Maximum Stock} = \text{Re-order level of stock} + \left[ \text{Minimum usage} \times \text{Minimum Order period} + \text{Re level quantity} \right]$$

- Various Stock levels can be represented as graphically follows
  - Minimum stock level (safety stock) -  $Q_1$
  - Re-order quantity –  $Q_2$
  - Maximum stock level –  $Q_3$
  - Cyclical time –  $T$
  - Lead Time –  $T_1$

- Example :  
Information regarding the stocks of Ashani's business are given below.  
Minimum Consumption of stock - 40 units per day  
Re-order period - 60 units per day  
- Minimum 10 days  
- Maximum 10 days  
Re-order Quantity - 3000 units

- Using the above information, calculate
  - Re-order level
  - Minimum stock level
  - Maximum stock level
  - Average stock
- Represent the above stock levels graphically.

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<b>Competency 13.0</b>	:	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level 13.7</b>	:	Calculates the Economic Order Quantity Considering the cost of stock
<b>No of Periods</b>	:	05

### **Learning Outcomes:**

- Classifies the costs related to stock
- Explains the categories of the cost of stock with appropriate examples.
- Explains the Economic Order Quantity
- Calculates the Economic Order Quantity according to the mathematical method
- Calculates the Economic Order Quantity by illustrating graphically the costs related to stock.

### **Instructions for Lesson Planning**

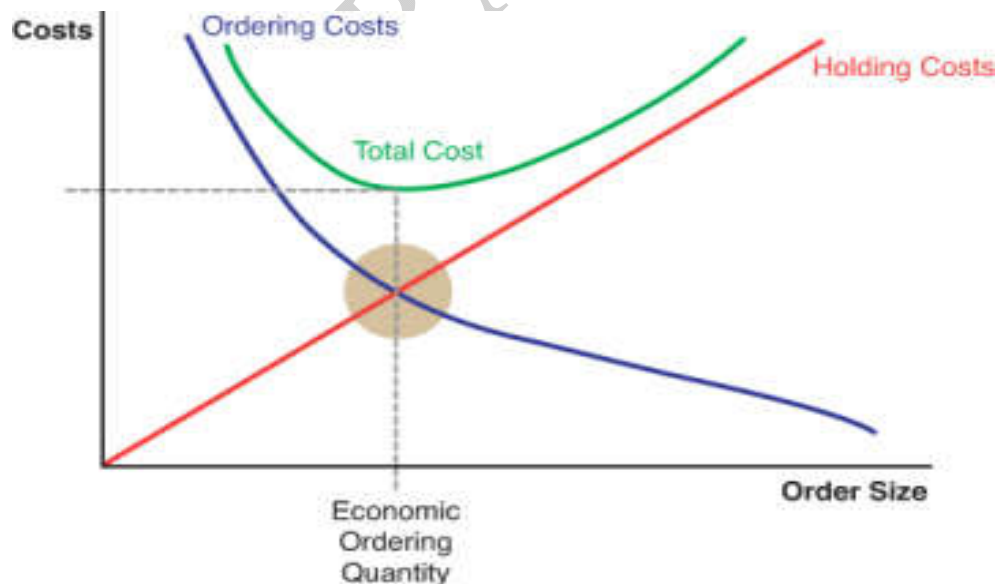
- Take student on a field trip to observe a factory in your region. Divide students into three groups and provide each group with each of the following titles to gather information at observation.
 

1 <sup>st</sup> group	-	Types of stocks maintaining in the store
2 <sup>nd</sup> group	-	Types of costs afforded in the store
3 <sup>rd</sup> group	-	Occasions at which stocks are ordered and the amount of stock in one order
- Present students' observations and information they gathered to the class.
- Lead a discussion so as to point out the following information by considering the students' observations and the information they presented.
- Point out that there are different kinds of stocks in a firm
- That various costs have to be incurred with regard to those stocks
- That the cost thus incurred can be categorized as stock ordering cost and stock holding cost.
- That the sum of stock ordering cost and stock holding cost is known as total stock cost
- That the number of units to be ordered ones in order to minimize the total stock cost is known as Economic Order Quantity.

- That the Economic Order Quantity can be calculated using an equation as well as graphically.

### A Guideline to Explain Subject Matters

- Total cost of stocks of a particular firm consists of two types as stock ordering cost and stock holding cost of stock.
- Expenses of preparing the order, purchase price, expenses of checking the materials and the transport expenses of materials are example for ordering cost.
- All the expenses from receipt of the stock to the store to issue of the stock (either to production division or to marketing division) from the store are considered as stock holding cost.
- Storage expenses, electricity expenses of stores, material moving expenses, expenses of watchman of the store, insurance premiums for store, record keeping expenses and damages to stock etc. are examples for stock holding cost.
- Number of units to be ordered ones so as to minimize the total stock cost is known as the Economic Order Quantity (EOQ). At EOQ, the stock ordering cost and the stock holding cost are equal to each other.
- EOQ can be calculated through the following graph.
- 



- EOQ can be calculated using the following equation as well.

$$EOQ = \sqrt{\frac{2DC_o}{PC_s}}$$

EOQ = Economic Order Quantity

$C_o$  = Cost per Order

$PC_s$  = Cost of holding per unit for period (a year)

D = Annual stock requirement / Annual Demand (Consumption)

Examples :

- Given below are some information regarding the stock holding expenses of a trade centre of stock of paddy.  
(Values are given in thousands)
  - Cost per order Rs.50.
  - Stock requirements for a specific period is 10,000units.
  - Cost of holding per unit for a specific period is Rs.100.
  - Calculate the Economic order quantity.

<b>Competency 13.0</b>	<b>:</b>	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level 13.8</b>	<b>:</b>	Examines the quality control methods to assure the quality of products
<b>No of Periods</b>	<b>:</b>	04

### **Learning Outcomes:**

- Explains the quality of outputs
- Explains quality control
- Evaluates the importance of quality control
- Describes the techniques of quality control.

### **Instructions for Lesson Planning**

- Given below is a part of the conversation happened between a sales assistant and Mrs.Aruni who visited the shop to purchase a washing machine.

Mrs. Aruni : I need to buy a washing machine. What types of washing machines are there? Could you please show me them?

Sales Assistant : Please come Miss, we have the best kinds of machines. They have been awarded ISO certificates as well and they also have a better performance as well.

Mrs. Aruni: I need a machine that washes clothes well and a durable one.

Sales Assistant : This suits best for you Miss. Have a look here, it has a protecting covering too. Therefore this can be used for a long time. We provide you with a guarantee certificate for this.

Mrs. Aruni : The reason that I come to your shop is the ability to buy good products reliably.

Sales Assistant : We know it well, Miss, we sell only the products of well accepted firms.

- Get this enacted through two students who participate voluntarily.
- Explain the term “Quality of the product” using the above dialog and inquire the elements that should be there for a quality of a product.
- Explain them that a quality control is necessary for maintaining that quality.



- Explain briefly that for a quality control of a product firms use the following techniques.
  - Quality Circles
  - Quality Assurance
  - Zero Defects
  - Quality Standards
  - Statistical Process Control
- By grouping the students, provide each of the following title for each group.
  - Quality Circles
  - Zero Defects
  - Quality Assurance
  - Quality Standards
  - Statistical Process Control.
- Explain the title that your group has received briefly.
- Present the basic purposes expected to attain from the title that you have received.
- Suggest strategies that can be used to attain those purposes.
- Show the advantages that can be received through attaining those basic purposes.
- Provide opportunities to reveal the above mentioned facts relevant to each group creatively.

#### **A Guideline to Explain Subjects 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
  - In accordance with standards
  - Suitability
  - Safety
- The elements which influence the quality differ according to the nature of the good or service.

- The process of confirming if the production is done so as to meet the standards established by a production firm and to meet the minimum legal requirements is known as quality control. Steps such as sample test and input output test etc... are used for quality control.
- Quality is important for a firm because of the following facts.
  - Ability to provide goods with expected quality.
  - Ability to reduce wastage by decreasing damages and breakage.
  - Ability to face competition successfully and retain in the market continuously.
  - Consumer loyalty is enhanced through maximizing of consumer satisfaction.
  - Ability to work in accordance with a legal condition.
  - Existence of the business is established through improvement of the profit.
  - Minimizing of the entire cost of the firm.
  - Ability to enter the market easily.
- Some techniques used in quality control are mentioned below.
  - Quality Circles
  - Zero Defects
  - Quality Assurance
  - Quality Standards
  - Statistical Process Control.
- The employees, who perform the similar task, present solutions by identifying and discussing the problems (related to job and duties) faced by them having gathered in to small group is known as quality circles.
- Assuring that every products is produced without any defect is known as zero defects technique. Accordingly, making arrangements to produce correctly at first time itself rather than accepting that error effort is unavoidable is done by the zero defects technique.
- The procedures followed to perform every stage of the production process with a formal examination in order to confirm the quality of the product is known as quality assurance. The purpose of it is to prevent problems than finding out problems.

This function is conducted through the inspection of employees on their own duties provision of guarantee certificates for production and obtaining national and international standards apart from the inspection of quality control inspectors.

- Performing the manufacturing activities so as to meet the national and international standards is meant by the following of quality standards. By that, the consumer reliability on quality could be gained.
- Collection of data regarding the performance of the manufacturing process and communicating those data to relevant parties in diagrams, tables and graphs is conducted through statistical process control.

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<b>Competency</b>	<b>13.0</b>	<b>:</b>	<b>Evaluates the contribution of operations management for the success of businesses.</b>
<b>Competency Level</b>	<b>13.9</b>	<b>:</b>	Examines the approaches to increase productivity
<b>No of Periods</b>		<b>:</b>	04

**Learning Outcomes:**

- Defines productivity
- Point out the importance of productivity.
- Describes the methods of increasing productivity
- Shows how material productivity can be improved
- Shows how machinery productivity can be improved.
- Shows how labour productivity can be improved.
- Introduces new technological methods through which productivity can be improved.

**Instructions for Lesson Planning :**

- Get the following incident presented to the class through a student.  

In 2017, ABC limited company has won the annual productivity award. Following is a part of a speech extracted from the speech delivered by the operations manager of that company at the award ceremony.

“ Our company has won the productivity award. I think, the main reason for winning this award is the obtaining of more outputs by using the resources thriftily and without wastage. In other words, obtaining high output compared to input. Similarly, there is a proportional relationship between output and labour, machinery and technology. Therefore, it is clear to everyone that our company performs efficiently”.
- Inquire form the students what productivity is by using the above information.
- Explain that a quantitative relationship between input and output is shown in calculating productivity.
- Discuss with the students about the factors that had been the reasons for winning the award by ABC Company.
- Explain the productivity.
- Explain that the productivity of a firm can be calculate and explain the way of calculating it.
  - Make the students engage in the following activity by grouping them in a suitable manner.

Given below are data about input and output of two production firms named X and Y.

	Production firm	Production firm
	X	Y
Units of materials	2000	2000
Labour hours	1000	1000
Machinery	1000	1000
Output	10000	12000

- Focus on the data of the firm that your group has received.
- Calculate the followings using the above data.
  - Materials productivity
  - Labour productivity
  - Machinery productivity
  - Total productivity.
- Suggest methods to the firm to improve the productivity of each one of the above sectors.
- Present some ideas on the productivity of the firm that your group has revived.
- Present your revealing to the whole class.

### **A Guideline to Explain Subject Matters**

- The ratio of the relationship between inputs and outputs is known as productivity
- Productivity can be used as an important measurement to measure the effectiveness and 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 the productivity with other similar business entities.
  - To acknowledge the progress of the business
- Methods through which the productivity can be improved
  - Increasing outputs while having a fixed input.

- Decreasing inputs while having a fixed output.
- Increasing outputs and decreasing inputs.
- Decreasing outputs at a speed less than the speed of decreasing inputs.
- Increasing outputs at a speed higher than increasing inputs.
- Basically productivity can be measured as total productivity and partial productivity.

$$\bullet \text{ Total productivity} = \frac{\text{Output}}{\text{Input}}$$

$$\bullet \text{ Material productivity} = \frac{\text{Output}}{\text{materials}}$$

$$\bullet \text{ Labour productivity} = \frac{\text{Output}}{\text{Number of labour hours}}$$

$$\bullet \text{ Machinery productivity} = \frac{\text{Output}}{\text{Number of machine hours}}$$

- The ways of improving material productivity
  - Using high quality materials
  - Minimizing waste and discards
  - Maintaining material stocks in an optimum level
  - Reuse and recycling of materials
- The ways of improving machinery productivity
  - Using machinery equipped with advanced technology.
  - Using unbroken machinery
  - Maintaining them properly
- The ways of improving labour productivity.
  - Employing trained employees
  - Using monetary and non-monetary employee incentives.
  - Using quality circles.
  - Maintaining a better employee relationships.
- Methods of modern technology that can be used to improve the productivity.
 

Few modern methods that are used to make the operations management process of large scale production firms more efficient are as follows.

  - Computer Aided Design /CAD
  - Computer Aided Manufacturing /CAM

- Computer Integrated Manufacturing /CIM
- Computerized Numerical Control /CNC

- **Computer Aided Design (CAD) Method**

- Planning of the product using computer graphics is known as Computer Aided Design. The computer designer creates product designs using the relevant computer programme. A diagram designed on a computer screen can be seen from various dimensions rather than a diagram on a sheet.
- Computer technology is used in CAD method for modernization of the existing product, designing of new products and for examining the products in various angles.

Examples : The use of AutoCad for architectural designs, manufacturing of aircrafts in large scale rims and for production of appeals.

- **Computer Aided Manufacturing (CAM) method**

- The usage of computer program for managing the production process is known as Computer Aided Manufacturing method. This method is mostly used in flow production. CAM is used for functions such as hard functions that are frequently conducted, functions that are dangerous (use of Robotic Technology)

Examples : For the production and repair of motor vehicles.

- **Computer Integrated Manufacturing /CIM method**

- The method used for the designing of products and for managing the production process is known as Computer Integrated Manufacturing. In other words, the computer technological technique used for the development and control of the production process is known by this.
- Through this method, even a single person has the ability of regulating a factory. By observing the functions on a computer screen, the deviations of the production can be corrected through a command given using a keyboard.
- Computerized Numerical Control (CNC) method
- Control of machinery through computer program that are used for implementing the operations activities of a firm is known as Computerized Numerical Control method.

- Control of the functioning of the machinery of a factory using computers in numerical method takes place in this method. Because of the mechanized production, the production of goods has been so efficient.

Examples : Repair of vehicles; lathe machines, cutters are controlled on time through computerized programme.

- Benefits gained by business in using modern technology.
  - Minimize the wastage.
  - Ability to introduce new products to market.
  - Upliftment the efficiency
  - Ability of employing less number of employees
- Problems in using modern technology
  - Rapid change in technology
  - Required a large investment
  - Problems arising from environment pollution.
  - Interruption for the whole production process due to sudden technological failure and defects.
  - Lack of trained labours.

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**Competency 14.0** : **Evaluates the contribution of marketing management for the success of businesses.**

**Competency Level 14.1** : Examines the basic concepts on which marketing is based.

**No of Periods** : 06

**Learning Outcomes:**

- Defines “Marketing” using definitions.
- Explains “Market”
- Lists the core concepts of Marketing.
- Explains core concepts of Marketing.
- Explains the importance of Marketing.

**Instructions for Lesson Planning**

- Display the term “Consumer is a King” in the class room. Inquire the meaning of this from the students. Lead a discussion highlighting the following facts.
- Explain that the consumer receives a prominent place in the business world, therefore the producer gives the priority to the consumer in the event of the production of goods and services through investigating the product from the planning of the product to handing over it to the consumer.
- Get the definition for marketing built up through the students by providing them with various definitions about marketing (use the definitions provided in the guideline).
- Present the following cases to the students.
- Explain students that the market should be carefully concerned for a successful marketing and that market is consisting of actual and potential buyers.

**Case 01:**

Saman willingly bought a lunch packet for Sampath, who came from the ground starving.

**Case 02:**

Gimhani who was returning from her duty bought a saree for Rs. 1000/- which was displayed in a shop near the bus stop since she had an earnest longing for it. This is what Gimhani has mentioned her friend Thakshila about the saree she had bought.

- Even though I paid Rs.1000/- for this saree, this values more than Rs.2000/- to me.
- Lead a discussion by highlighting the core concepts of marketing that are in the given cases. Explain,
  - That there are needs and wants in humans.
  - That a product is purchased by paying a value.
  - Those products are exchanged in market.
  - By introducing the core concepts of marketing, explain the relationship among them.
- Explain the relationship among the concepts such as needs, wants and demand with examples.
- Explain that there are various demand conditions
- Explain the Students that essential conditions that must be fulfilled to ensure the survival of the man is known as needs; the preference or the desire to fulfill those needs is known as wants and if there is an ability to purchase a product with that desire then there will be a demand for a particular product.
- Explain that when supplying goods and services to satisfy the needs and wants of the human a specific consumer group is selected from the entire market and that group is known as target market.

- Explain the students that dividing the entire market into similar consumer groups is known as market segmentation.
- Make the students comprehend that the marketers toil for building up a favorable attitude regarding a certain product in the consumer's mind; It can be called as positioning and it is an important core concept of marketing.
- Point out that the bundle of values presented by business organizations to satisfy the consumers is called an offer and these business organizations present various products with the purpose of satisfying needs and wants.
- Make the students comprehend that group of words or logos are used to distinguish one's products from that of competitors and that the combinations of them referred to as brands.
- Inform the Students that the marketers are concerned about the various channels to enter their target market and that these accesses can be introduced as Marketing Channels.
- Explain the students that the marketers use various media to introduce their products to consumers; that the receipt of time in various media by paying a certain amount of money is paid media; that advertising advertisement by a firm on media created by itself (a web page, face book) is owned media and that the various advertisement's carried out regarding that product by the external persons or organizations is earned media.
- Introduce that from producer's perspective, the number of times that the communication mode which the producer used reach the relevant customer among the other communication modes can be introduced as impression; and the extent of a customer's attention and active involvement with that communication mode can be said as engagement.
- Point out that the value is the total evaluation done by the consumer regarding the ability of a product to satisfy consumer needs and that a satisfaction can be provided to consumer by the ability of a product to satisfy consumer expectation present points so as to clarify the relationship the value and the satisfaction.
- Make the students acknowledged that a business organization should maintain its supply chains by maintaining a well co – ordination with all the parties connected in the total process from the creation of its product to handing over it to the final consumer and thereafter; and that helps for a successful marketing.

- Point out to the students that the similar products as well as substitute products in the market also compete with one's product. Inform them that these competition is manipulated in various levels.
- By introducing what an exchange is, explain the conditions that should be there for a successful exchange to take place. Point out that with the exchange of values, a transaction takes place and that there needs to be a favorable relationship among each parties to have a successful transaction. Introduce the transaction as an evident for an exchange took place.
- Explain that a long term favorable relationship should be maintained among all the parties that are connected providing high quality products to consumers.
- Inform the students that marketing environment can be classified in to two as macro and task environment. Lead a discussion there by connecting the various parties related to the marketing environment.
- Explain the students how important the marketing is to the businessman, consumer and to economy with examples.

#### **A Guideline to Explain Subject Matters**

- Marketing can be identified as a wide process which starts and ends from consumer itself and is conducted to attain the aims of the business through fulfilling consumer needs and wants.
- Various definitions have been presented on marketing.
- Marketing is 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 other.

Philip Kotler

- Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

American Marketing Association

- According to the above definition, Marketing is Social and managerial process for the satisfaction of needs and wants of individuals and organizations.
- The importance of the marketing can be presented as follows. Marketing is important to the businessman, the consumer as well as for the economy.

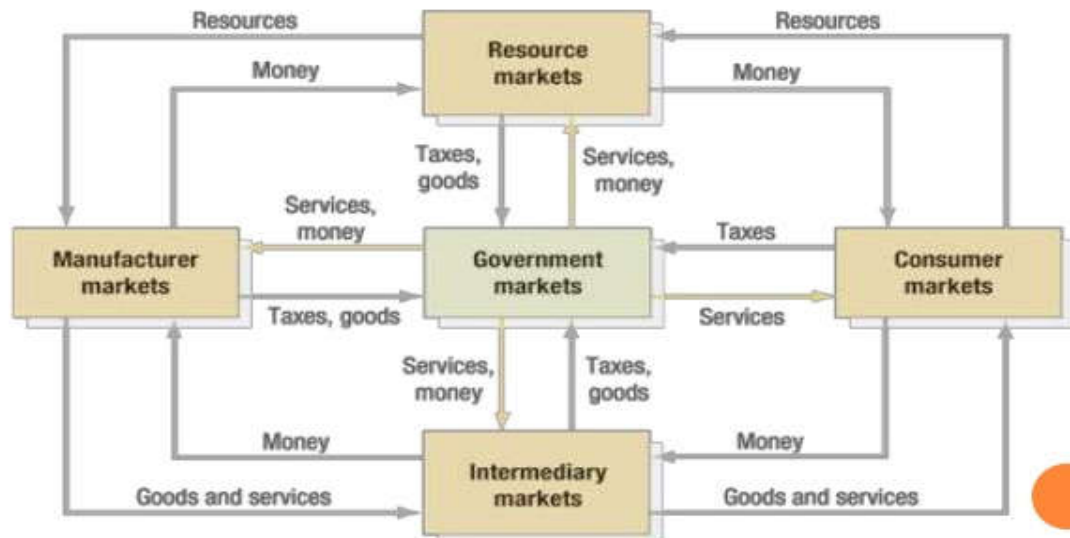
- **Market**

Collection of all true and potential customers having the same needs and wants and with the willingness and the ability to satisfy them through a transaction process is

known as the market. In other words, collection of all true and potential customer for a product is the market

- While various classification of the market could be seen, two classifications can be shown as follows
1. To the needs and preference of customers in the market, according two primary types of markets can be illustrated as follows.
    - i. Consumer market  
The market where customers demand goods and services for personal or household consumption.
    - ii. Industrial goods market/ b 2 b market  
The market where the exchange of capital goods, various resources and industrial services take place.
  2. The basic market that is use in the modern exchange economy can be classified under five sections.
    1. Resource market.
    2. Manufacturing market
    3. Government market.
    4. Consumer market.
    5. Intermediary Market.
- The mode of the market in the modern exchange economy can be shown as follows.

## STRUCTURE OF FLOW IN A MODERN EXCHANGE ECONOMY:



Source: Kotler P., & Keller, K.L; (2017), marketing management, P.8

- The core concepts of marketing are the basic factors that the marketing process is based.

The core concepts of marketing can be listed as follows.

- Needs, Wants and demand.
- Target market, Positioning, Segmentation
- Offerings and Brands
- Marketing Channels
- Paid, Owned and Earned media
- Impression and Engagement
- Value and Satisfaction
- Supply chain
- Competition
- Exchange
- Transaction

- Relationship
- Marketing Environment
- **Needs, Wants and Demand**
  - The state of felt deprivation of some basic satisfaction in man or an essential condition that must be fulfilled to ensure the survival of the man is known as needs.
  - 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 to pay can be defined as the demand.

While the various ways of fulfilling needs and wants, a demand is created when need and ability to pay are combined.

- **Target Market, Positioning and Market Segmentation**  
focusing on a specific consumer group from the total market by a producer to sell his products or introducing his product to the selected consumer group itself can be stated as target market.
- Building up a favorable attitude in the consumer's mind regarding a specific product is referred to as positioning.
- Dividing the total market so as the similar consumer groups to be included into the same sub set is referred to as market segmentation.
  - **Offering and Brands.**
    - A bundle of values presented by businessmen to satisfy a customer's needs is referred to as offerings. These offerings are fulfilled through provision of products.
    - Brand is a group of words, a logo or a combination of there to distinguish no's product from competition products in the market.
  - **Marketing Channels**
    - Various accesses that the marketers use to reach the target market can be referred to as marketing channels. Communication channels, distribution channels and service channels are the three main marketing channels.
  - **Paid Owned and Earned Media.**

- Advertising advertisements on media such as television, magazines, live shows and on display advertisements through paying money by a firm is referred to as paid media.
- Advertising advertisements by a firm on such as its web pages and Facebook pages is referred to as owned media.
- The communication voluntarily done with regard to the brand of the firm by consumers and outsiders of the firm through media such as verbal and viral marketing is referred to as earned media.
- **Impression and Engagement**
  - From the producer's perspective the number of times that the communication media used by him reach the customer among the other communication media is referred to as impression
  - Engagement is the extent of a customer's attention and active involvement with a communication.
- **Value and Satisfaction**
  - Value is the total evaluation done by the consumer regarding the ability of a product to satisfy consumer need. For this evaluation, the three factors such as the quality of the product, services and price are considered here. Though the quality and the provision of service assist in uplifting the value of a product, the price will be the factor that influence the reduction of the value
  - The gratification gained by the consumer from a product which is produced as the wish of a consumer is referred to as satisfaction. Accordingly, the relationship between the value and satisfaction is apparent.
  - Consumer becomes dissatisfied if the value expected from a product is not received, the consumer becomes satisfied if he receives the value expected from a product similarly and when the product provides a higher value than expected value the consumer is delighted. Perception about these concepts are bound according to individual base.
- **Supply Chain**
  - All the flows from planning of infrastructure for creating a product to implementing it, from ordering of raw materials for producing products to handing over them to consumers and also the other flows thereafter that assist in providing customer's needs are known as supply chain.
- **Competition**



- The influence creates from potential and existing identical (similrs) products; and substitute products is referred to as competition. The competitions are of few levels.
- Brand Competition
- Industry Competition
- Form Competition
- Generic Competition
- **Exchange**

Transferring the ownership of something with value between two parties, on the agreement of both parties is known as the exchange. There are few features that necessarily should be for the completion of an exchange.

- There should be minimum of two parties.
- Each party should possess something valuable.
- Each party should be capable of communication and delivery of views among each and every party.
- Each party should have a freedom to accept or reject the exchange offer.
- Each party should believe it is appropriate to deal with the other party.

- **Transactions**

Transaction can take place between two or more parties with an exchange. Trading of a value between two or more parties can be interpreted as a transaction. Transaction is an evidence for an exchange.

- **Relationships**

If the exchange and transaction are to take place, formation of better relationships among each and every party (customers, suppliers, distributors) is necessary. In modern-days, this is referred to as relationship marketing. Building up of satisfactory and profitable long term mutual relationship among the main parties such as customers, suppliers, distributors and other parties that associate with the business organization is known as relationship marketing.

- **Marketing Environment**

- Functional and wide environmental factors and forces that influence the strategies and marketing abilities of a business is referred to as marketing environment that is to say that the marketing environment can be categorized into two as functional environment and wide environment (Marketing functional environment consists of parties related to the business such as suppliers, distributors, marketers and target customers. Wide environment consists of democratic, economic, natural, technological, political, legal, social and cultural environment
- Marketing is important for businessman, consumer and the economy.
- **Importance of Marketing 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
- **Importance of Marketing 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
- **Importance of Marketing to the Economy.**
  - Diversification of products
  - Expansion of production
  - Increasing the employment
  - Eradicating inequalities in distribution of income
  - Developing the entire economy of the country

**Competency 14.0** : Evaluates the contribution of marketing management for the success of businesses.

**Competency Level 14.2** : Compares the various marketing concepts examining the evolution of marketing concepts.

**No of Periods** : 04

**Learning Outcomes:**

- Explains a marketing philosophy (a concept)
- Explains each marketing concept.
- Analyses marketing concepts comparatively.

- Explains how the marketing concept changed with the time.
- Reviews the marketing concept/concepts that is followed by an existing organization.

### **Instruction for Lesson Planning**

Lead a discussion with the students by inquiring about the way that production took place and the state regarding the selling of products before and after the Industrial Revolution.

- **Before the Industrial Revolution:**

The production took place in small scale since the production occurred as cottage industry using hand machinery.

- **After the Industrial Revolution:**

The production took place in large scale as factory industries using power machinery. As a result, economic production, usage of money and market system were formed. Therefore, various methods of selling the excess production have been followed ever since that era.

- By inquiring from students, mention examples for methods that producers use to sell their production at present.
  - The Telecom Company makes the growth in their sale through satisfying consumers by providing modern technological facilities.
  - The Agricultural Department makes the growth in their sale through producing fruits and vegetables without toxins, using organic manure.
- Make the students engage in the following activity by grouping them in a suitable manner
- Focus on the title that your group has received among the following titles.
- Study well the selling attempts of the businessmen that your group has received.

#### **1. Subhash's business**

Subhash carries on a bakery for bread production. He daily in the morning, produces bread and distributes them to the shops. He produces sugar buns, toasted bread and pan bread using less amount of materials while using the traditional method. He doesn't focus on the needs and wants of consumers whereas he aims to increase the profit through making bread widely available.

#### **2. Sumith's business**

The products of Sumith's bakery are delivered daily in the morning. He provides his products to the market at a reasonable price and he is concerned of their quality. He makes arrangements to provide high quality bread and buns using quality materials. His aim is to maximize profit through this.

### **3. Sunil's business**

Sunil, who has recently got into bakery production, sells bread by going about homes in the area using a trishaw that is suitably made for the delivery of his products. His aim is to maximize profit by increasing the sale through announcing his products such as fish buns, buns and bread using speakers fixed in the trishaw.

### **4. Suresh's business**

Suresh, who operates a bakery near the school of his area, produces food items such as sugar buns, jam buns, fish buns, sausages buns in different flavour, shape and size by identifying the needs and wants of the school children to maximize the profit.

### **5. Chamodi's business**

Chamodi conducts a bridal dressing up business. She always makes arrangements to dress brides up in the way they request by considering their preferences. She expects to earn bride's confidence and consent through providing them a high value on this very date that comes only once in their life. She intends to enhance consumer satisfaction as well as to earn a profit through dressing brides pleasingly and artistically.

### **6. Chameli's business**

Chameli conducts a bridal dressing up business in the vicinity of Colombo. Dressing up brides in the Kandian and down south methods is the specialty of her firm. Though aesthetic and trendy creations are used for this, she tries hard to make them in social and cultural manner. While she receives a personal satisfaction through this, her only aim is to provide favorable attitudes to the society.

### **7. Chathura's business**

Chathura (Pvt.) Ltd. conducts a business that produces milk powder. This organization, the pioneer of milk production, sponsors for various religious programs and for a program that frees cows from death on every poyaday. While it makes arrangements for the welfare of employees and their families, they provide

scholarships for the children of remote areas. This organization, that has assured the trust of customers by providing them with high quality milk powders, earns a higher profit annually.

- Reveal the following facts through a group discussion.
- Mention the strategies that the businessman you have received has taken to develop his business.
- What are the aims that he expects to attain through those strategies? Mention them.
- Mention the suggestions that your group present to make those aims even more successful.
- Present your findings creatively to the class.

- Discuss the endeavors that each producer takes to sell their products as follows.
- Write the answers received from the students on the board.

Conduct the discussion with students mentioning;

- That Subhash's business tries to increase its sale by selling the bread at the reasonable price.
  - That Sumith's business tries to increase its sales by improving the quality of the bread.
  - That Sunil's business tries to increase its sale by following intensive marketing promotional methods.
  - That Suresh's business identifies needs and wants of the target market and tries to increase its sale by producing goods and services in accordance with that.
  - That Chamodi's business identifies the needs and wants of each customer specifically and tries to satisfy them.
  - That while Chameli's business focuses on consumer satisfaction and the aims of the business, it can be seen that it acts also focusing on society, environment and ethics.
  - Chathura (Pvt) Ltd. Company tries to increase its sale by producing goods having considered the interested parties as well as the society.
- Explain the students that the endeavors for selling products have been put forward as marketing concepts (philosophies) by the marketing philosophers and the marketing philosophies has been evolved through the changes happened to them timely.

- Explain as follows the marketing philosophies relevant to each incident above.
- Production concept (Subhash's business)
- Product concept (Sumith's business)
- Selling concept (Sunil's business)
- Marketing concept (Suresh's business)
- Customer concept (Chamodi's business)
- Social marketing concept (Chameli's business)
- Holistic marketing concept (Chathura (Pvt) Ltd. Company)
- Discuss with the students the differences among each marketing concepts above by taking the above incidents as examples.
- Discuss with the students the way that marketing concepts changed timely.
- By taking some business organizations in your area as examples, discuss with the students about the marketing concepts those businesses follow.

#### **A Guideline to Explain Subject Matters**

- The views on changes happened timely with regard to marketing is known as marketing philosophy. Marketing concepts, technological improvement, the growth of consumers' income have mainly influenced for the expansion of marketing philosophy.
- The evolution of marketing philosophy
- Production concept
- Product concept
- Selling concept
- Marketing concept
- Customer concept
- Social marketing concept
- Holistic marketing concept

#### **Production Concept**

This is the oldest concept that guided marketers. This is a seller oriented concept. The meaning of this concept is that through making the products of producers' preference abundant

in the market under low cost, there is an ability of selling their products successfully. It did not give much concentration towards the consumer needs, the businessman focused only on increasing the volume of the production. According to this concept, the marketers focused on the following functions.

- Increasing the production as much as possible / making the production efficient.
- Low cost (Minimizing the unit cost)
- Making a wider and more efficient delivery

### **Product Concept**

This is also a seller oriented concept functioning with the vision that the consumer would come forward to buy the product of high quality and performance as well as with modern and attractive features in it. When following this concept marketing managers focused on the following functions.

- Focusing on the quality of the products of the firm as they wish.
- Conducting research and development activities by dedicating their time and energy continuously to make their products superb.

### **Selling concept**

This concept relates that the products cannot be sold, unless the consumer is motivated. In other words, the profit and market share can be increased through increasing sales by following competitive selling policies and selling promotional tools. This is also a marketer based concept.

### **Marketing Concept**

The meaning of this concept is producing goods that can be sold, instead of producing products that can be produced. That is to say, that goods and services should be produced having identified the needs and wants of the target market, through which consumer satisfaction should be given. This is a consumer oriented concept. The priority is given to consumer needs and wants rather than the product. This concept is also called as two-factor marketing concept.

### **Customer Concept**

The meaning of this concept introduces that the presentation of goods and services that suits each customer and conducting of all marketing strategies prioritizing each of those customers. In this concept, it is expected to obtain customer loyalty having given them a lifetime value.

### **Social Marketing Concept**

Satisfying the needs and wants of the target market so as to protect or improve the consumer and social wellbeing is known as social marketing concept. The concentration is given here for social responsibility also, same as for trade profit and consumer needs when deciding marketing policies. Therefore, this concept is also called as three factor marketing concept.

### **Holistic Marketing Concept**

It is emphasized here that if the firm is to obtain higher results, all the components of the marketing needs to be executed with a single aim. That is to say, a complete integrated approach suits well for the competitive business environment.

Accordingly, Holistic marketing concept was generated. This concept consists of the following four main parts.

1. Relationship Marketing
  2. Integrated Marketing
  3. Internal Marketing
  4. Social Responsibility Marketing/Performance Marketing
1. Relationship Marketing  
The goal of this concept is the long term relationship in which all the stakeholders of business are satisfied. The result of that is the creation of a marketing network with a profitable relationship among the business and all the stakeholders of it.
  2. Integrated Marketing  
The meaning of this concept is that all the variables of the marketing mix (4Ps) should be implemented aiming the satisfaction of the target market. In other words, the functions of all the managers and all the employees of the business organization should be coordinated with the functions of marketing.
  3. Internal Marketing  
The integration of all the employees from the top manager to the lowest employee of the business, to provide a better service to the customer is referred to as internal marketing. Accordingly, everyone in the firm assures that they use appropriate principles.



#### 4. Performance Marketing

This says that when preparing and implementing marketing programs and actions, attention should be paid for social responsibilities, ethics as well as for the environment. That is, while business goals and consumer satisfaction are being attended, the attention for Society as well as for ethics should be paid uniformly.

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**Competency 14.0** : Evaluates the contribution of marketing management for the success of businesses.

**Competency Level 14.3** : Examines the process of Target Market

**No of Periods** : 04

#### **Learning Outcomes:**

- Defines market segmentation.

- Explains the bases used for consumer market segmentation.
- Points out the importance of market segmentation.
- Defines the target market.
- Segments the market for a selected product.
- Explains the ways of positioning in the market.

### **Instructions for Lesson Planning**

- Inquire from the students about the various soaps being sold in the market. (Bath soaps, laundry soaps, herbal soaps etc..)
- Inquire from the students, the consumers that use each kind of soap.
- Accordingly, highlight that there are various groups of consumers in the market for a certain product.
- Lead a discussion highlighting the following facts.
  - Explain that when making decisions regarding the production of a good, the consideration should be given on things such as who demand the product? Where does he live? their details, income and expenditures etc...
  - Explain that from the total market, the group of consumers that the product of oneself is presented is known as target market.
- Make students engage in the following activity by grouping them in a suitable manner and by providing them with proposed instructions for the following.

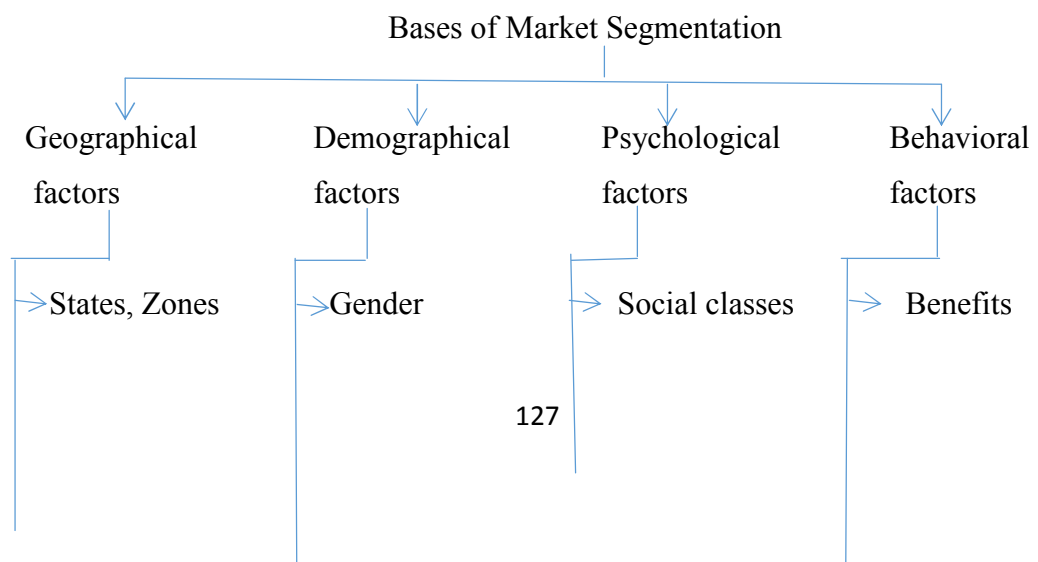
Given below are three products that are proposed to be presented to the market by three business organizations. Focus on the product that your group has received from them

- Apparels
- Sandals
- Milk powder
- Identify the various consumer groups to whom the product that your group has received could be sold and list them.

- Show them the consumer characteristics used in identifying those various consumer groups.
  - Show them the advantages gained by the business by grouping the consumers as above.
  - Imagining that the product relevant to your group is intended to be presented to the market, select the consumer group that you target.’
  - Mention the reasons for your selection.
  - Be prepared to present your findings to the whole class.
- Explain that in presenting the produced goods to the market, the target market is important and by discussing the factors used to segment the target market from an ordinary market, explain the ways of positioning the products within the target consumers.

#### A Guideline to Explain Subject Matters

- Any kind of market can be segmented in to sub sections using various consumer characteristics.
  - Segmenting the entire market which has dissimilar features into groups of similar features is known as market segmentation.
  - The bases that are used to segment consumer market can be shown by the following diagram.
- Geographical factors
  - Demographical factors
  - Psychological factors
  - Behavioral factors



- Regions
- Climatic conditions
- Size of cities
- Population density
- Age
- Income
- Family size
- Career, education
- Race
- Religions
- Life style
- Personality
- Purchasing instant
- State of users
- Quantity of usage
- Loyalty
- Attitudes of users
- Readiness of Purchasing

- Following requirements should be fulfilled for an effective market segmentation
  - Measurability
  - Substantiality
  - Accessibility
  - Differentiability
  - Actionable
- Benefits of market segmentation can be mentioned as follows.
  - Since the entire market is subjected to analyze, a much awareness regarding the market can be gained.
  - Ability of recognizing the appropriate and periodic market.
  - Ability of utilizing the limited resources available in the firm efficiently and effectively.
  - The firm is able to minimize the market risk
  - Ability to launch marketing programs more successfully.
- Target market can be explained as follows.
 

The target market refers to the market segment with similar characterized customers that a firm can serve more attractively and profitably from the various characterized customers in the whole market.
- The duty of marketers is to develop the product or the offering that suits the selected market.
- Creating a favorable attitude in consumers' mind regarding a good or a service is known as market positioning. The victory of the marketing is the positioning of a certain good or a service well in the market.
  - The ways of market positioning can be shown as follows.
    - Including various features and benefits to the product.
    - Providing a high service compared to competitors.

- Positioning the product in the customers' mind deeply using various promotional strategies.

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**Competency 14.0** : **Evaluates the contribution of marketing management for the success of businesses.**

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

**No of Periods** : **04**

### **Learning Outcomes:**

- Defines marketing mix.
- Explains the variables of marketing mix of goods from the point of view of the businessman.
- Explains the variables of marketing mix of services from the point of view of the businessman.
- Describes the marketing mix from the point of view of the customer.
- Points out the importance of marketing mix for a successful marketing.

### **Instruction for Lesson Planning**

- Inquire from students whether they have visited any fair held in a festive season. Inquire about behavioral patterns of buyers and sellers they saw.
- Lead a discussion highlighting;
  - The customers select the best items they need by going to few sellers.
  - That there is an intensive competition among sellers and they use various strategies such as providing discounts, using speakers and music etc... to attract customers.
  - That even though the sellers use various strategies and there are abundant goods available, most of the time consumer buys only what he wants.
  - That when selecting goods, customer consider on design, price, quality etc...

- Make the students engage in following activity by grouping them in a suitable manner.
- Focus on the heading that your group has received among the following headings.
  - A shop that sells foot wares.
  - A beauty spa
  - A shop that sells soaps
  - A firm that provides cab service

- Imagine that your group conduct the business that belongs to the title you have received.
- List the features that the consumers expect from your product.
- What are the strategies that you use to sell your good or service successfully?
- List the factors that you consider as a marketer when you present your products to customers.
- Mention by summarizing those factors under the following headings
  - Product
  - Price
  - Place
  - Promotion
- Present your findings creatively to the class.
- Explain that various strategies that marketers use to sell goods to consumers is known as marketing mix, marketing mix can be presented in different point of views and that there are marketing mix for good as well as for services.
- Show that marketing mix is important for a successfully marketing

### **A Guideline to Explain Subject Matters**

- The marketing strategies that are implemented to attain the expected aims of the business organization are called marketing mix and it can be presented in various perspectives.
- The marketing mix can be divided into four components from the point of view of the marketer.
  - Product
  - Price
  - Place
  - Promotion

Following are the basic and sub variables of marketing mix.

- Product
  - Product differentiation
  - Quality

- Design
- Features
- Brand
- Package
- Quantity
- After sale services
- Warranty
- Returns
- Design
- Price
  - Listed price
  - Discounts
  - Allowances
  - Payment period
  - Payment method
  - Credit condition
- Place
  - Distribution channels
  - Coverage
  - Areas
  - Channel mix
  - Inventory
  - Transportation
  - Intermediate
- Promotion
  - Advertising
  - Sales promotion
  - Public relations and publicity
  - Personal selling
  - Direct Marketing



- A marketing mix for services also can be seen from the point of view of the businessman
- That includes another three variables in addition to the marketing mix for goods, making it comprising of seven variables (7Ps = 4Ps + 3Ps)
- Accordingly;
  - People
  - Process
  - Physical Environment
 will be added to the above variables.
- Product  
Anything presented to the market for sale to satisfy consumer needs and wants.
- Price  
The amount of money paid by the consumer to obtain a good or service.
- Place  
Distributing the product in the market in order to get them marketed successfully.
- Promotion  
The process used to communicate about the product to the interested, target and to potential customers.
- People  
The salesmen who are friendly, polite and specialized are important here.
- Process  
Operational system required to provide the service and the after sale service.
- Physical Environment  
Creating the surrounding and the environment of the business outlet in order to give a higher value to the customers.
- The marketing mix for the goods is presented as four variables from the point of the customer.

This is known as 4C's

- Customer needs and wants
  - Cost
  - Convenience
  - Communication
- 
- Marketing mix is very important for successful marketing.
  - The turnover can be increased by being able to present the product to the market in a way that satisfies consumer needs in optimum level.
  - Consumers can be attracted by pricing the product in a way that it can face competition.
  - By using various promotional strategies, consumers can be induced to purchase the product.
  - Distributing products in a way which makes consumer buy the product very easily from the closest place.
  - As a whole, all the variables in the marketing mix helps to fulfill the aims of the organization.

**Competency 14.0** : **Evaluates the contribution of marketing management for the success of businesses.**

**Competency Level 14.5** : Points out that there are various marketable products.

**No of Periods** : 06

### **Learning Outcomes:**

- Defines product.
- Classifies products in a broad base
- Explains each type of product
- States examples for each type of product
- States in which category a product belongs to, by using existing products as examples.
- States the various levels of products.
- Graphs the main stages of product life cycle.

### **Instructions for Lesson Planning**

- List on the board the various products that the students use to fulfill their wants by inquiring them.
- Conduct a discussion so as to include the following facts in the list.

- Bun
- Bread
- Stationary
- Sigiriya
- Banking Service
- Car park
- Red Cross Organization
- Michel Jackson's

songs

- Insurance
- Newspapers
- Internet
- Motor vehicles

- Points out that basic benefits can be obtained from all these items.
- Explain that the consumer gains a satisfaction by using them.
- Points out them that by using significant characteristics of the items in the list, they can be classified as follows.

Goods - Bread, Bun, Stationeries, Motor vehicles

Services - Banking Service, Insurance Service

Places - Sigiriya, Parking lot  
Organizations - Red Cross Organization  
Persons - Micheal Jackson  
Information - Newspapers, Internet

- Make students engage in the following activity by grouping them.

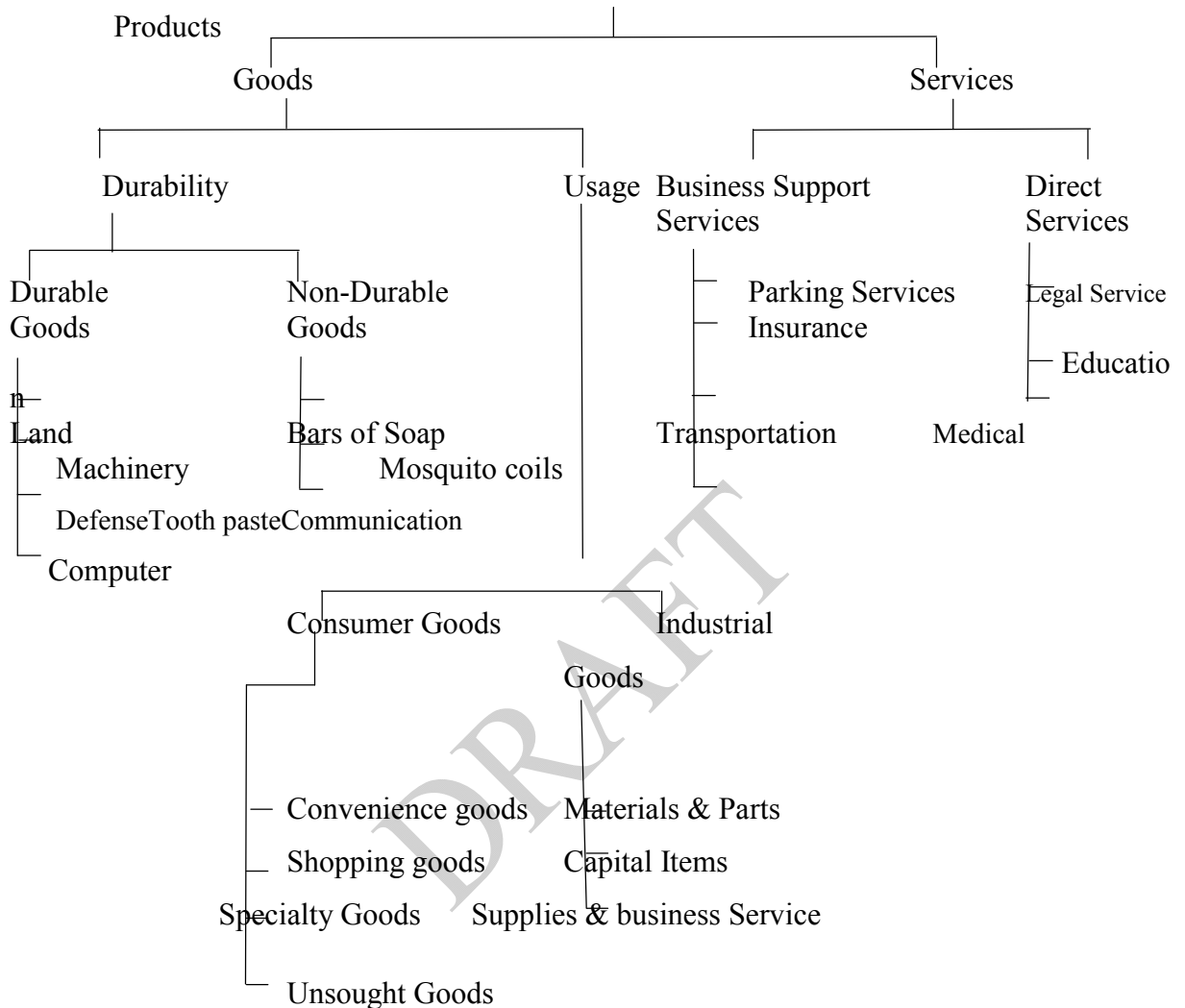
Divide the followings incidents to 3 groups so that each group receives 02 of the incidents.

- Come toward as to get everything under one roof which you need for your home.
- Are you in need of money? Call us to get money.
- All the information about Yala Natural Sanctuary in Sri Lanka can be taken from internet now.
- Kumara Sangakkara has been nominated for IPL Cricket tournament.
- The current government has decided to make “13 years of school life” compulsory.
- Mrs. Jayanthi Kurukula who has reached Himalaya Mountain Peak has stated to a television media that she is going to hold a program on “Summiting Mountains”.
  - Focus on the incident that you have received.
  - Name the products that belong to those incidents.
  - Write two more examples each for those products.
- Explain that any product has various levels and those can be classified into main 5 levels, and also marketer should follow various strategies to market products at various levels at the time of presenting them to the market.
- Explain that any product has a lifecycle same as with any living being. Confirm students that the marketing manager should deeply understand the life cycle of the product to make his marketing effort a success.

### **A Guideline to Explain Subject Matter**

- Anything presented to the market with the purpose of fulfilling the human needs and wants is known as a “product”.

- Products can be classified as follow



**Consumer Goods.**

These are Used for day to day consumption. Most of the time consumer goods end with use. These goods are of 4 types with the marketers view.

Examples: - Furniture used by consumers at home.

**Convenience Goods**

Goods that are frequently bought by the consumer

- Soap, toothpaste, peas, newspapers, rice, bread

## **Shopping goods**

Goods that are bought after comparing the price and the quality of products are known as shopping good. The consumer is always concerned about a best purchase. He purchases these goods by taking much time.

Examples: - Electric appliances, Clothing, Footwear, Furniture

## **Specialty Goods**

If a Special attempt is made to purchase a product, it is known as specialty good. The consumer gets satisfied only if he consumes these special goods. The prices of these can be much higher.

Examples: - Jewelry, motor vehicles, Computers, medicines with medical approval

## **Unsought Goods**

Goods unknown to consumer or goods to which much attention of the consumer is not paid even though they are available in the market are known as unsought goods.

Examples: - Life assurance policies, new books.

## **Industrial Goods/ Business Goods**

Goods that are used for producing other goods are known by this, Since these industrial goods are purchased by businessmen to produce other goods, these are also known as business goods Goods that are produced using industrial goods could be consumer goods as well.

Examples: - Office items like furniture, tables, chairs and equipment's

Etc..used by businessmen to get the assistance for their business activities.

### **1. Materials and parts**

Things used as input in the production process are known as materials & parts.

Examples: - Materials related to architectural creations such as iron, cement; and parts such as tires, tools etc..... used for vehicle production.

## **2. Capital Items.**

Finished goods with long term existence which are used for producing other goods in the production process are known as capital items.

Examples: - Factory buildings, machinery

## **3. Supplies & Business Services.**

Goods and Services that are used to produce finished goods but are of relatively Short term existence are known as supplies and business services

Even though the products are classified simply as goods and services various items are adding to the products ae present,

- Goods
- Services
- Ideas
- Events
- People
- Activities
- Experience
- Places
- Organizations
- Information

### **Goods :**

This refers to the tangible things with physical existence which satisfy human wants.

Ex:- Furniture, machinery, apparels

### **Services:**

This refers to an action or activities that satisfy human wants, intangible and can be presented from one party to another.

Ex:- Insuring the business risk

Conducting banking activities by businesses

Carrying out the transportation services by business.

### **Ideas:**

The kind of thought that can be sold and that is generated within the producer about the products that is presented to the market.

Ex:-Unilever Sri Lanka :“Wash the hands for minute before eating”

Litro Gas Company : “Jathika Lipa Gini Sepayuma” “Sri Lanka burner gas supply”.

**Events:**

Various instances related to satisfying human wants are known as events.

Ex:- Olympic games

Annual shows

International trade exhibition

BMICH book fair (in the literature month)

**People:**

People with significant abilities who come forward to satisfy human needs are known by this

Ex:- Michael Jackson (Rhythmic singings)

Mr. Bean (comedian)

**Activities:**

A program conducted for a certain want is known as activities.

Ex:- Dengue preventing program (in the organization).

Creating outfits for school volleyball team.

Organizing a volleyball tournament.

**Experience:**

Selling a person’s specialized knowledge for a certain task to another customer is referred to as experience.

Ex:- A versatile cricket player being a cricket coach.

Giving a training to mountain climbers by an experienced person on climbing mountains.



**Places:**

This refers to places that can satisfy human wants.

Ex:- Sigiriya, Hummanaya, Lokanthaya

**Organizations:**

The entities that are created by humans themselves to satisfy human wants are known as organizations.

Ex:- Body building societies

Red Cross Organization

YMBA

Games Society

**Information:**

Information is born by processing data that are useful for persons to take decisions.

Information is used in business activities to satisfy wants.

**Product Mix**

- The bundle of products presented by a certain seller for sale is known as product mix. While some organizations present only one item to the market, some organizations present a bundle of products.

The production mix of a firm comprises of a breadth, a length, a depth and consistency.

Width - The number of product lines of the firm.

Length - The number of items included in all product lines.

Depth - The number of items presented under one product line.

Consistency - The relationship among the types of goods.

Ex:

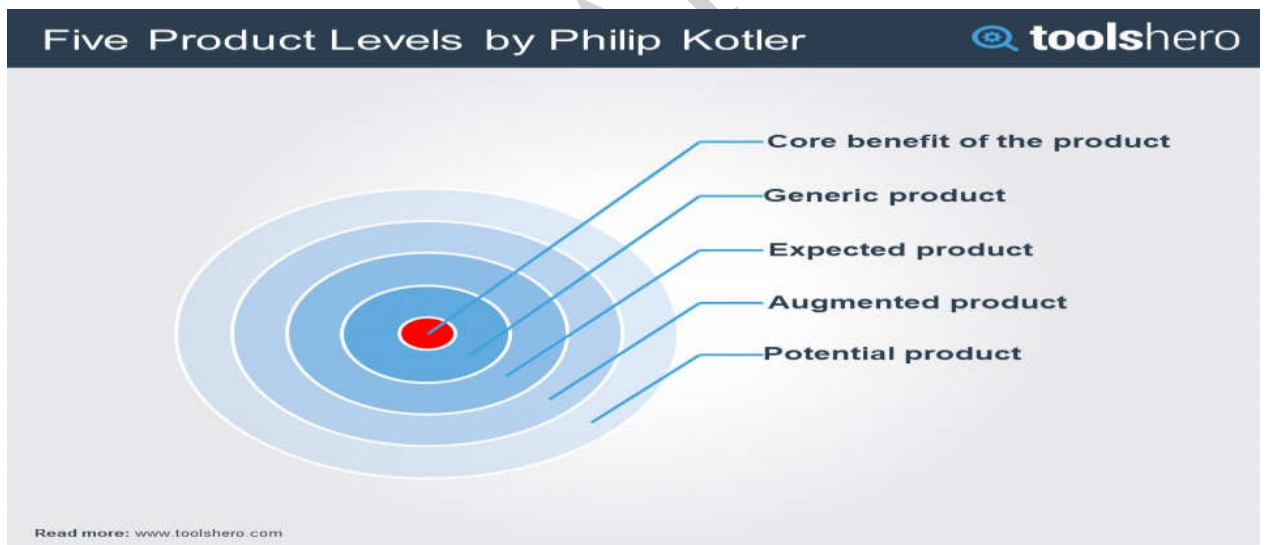
Milk packet	Ice Cream	Drinks
1. Vanilla	1. Vanilla	1. Mango
2. Chocolate	2. Chocolate	2. Orange
	3. Strawberry	3. Mixed fruits
	4. Fruits	

Width - 3 (milk packet, ice cream, drinks)

Length - 9 (2 milk packets, 4 ice creams, 3 drinks)

Consistency - Yes, all the products are foods and drinks.

- Five production levels can be stated as follows. These are called as consumers value hierarchy.



### Core benefit/ Basic Product

- This is the first level of a product which is also considered as basic benefit / core benefit.

Ex: - A carbon pen is used for writing.

- **Generic Product**

This is the second level of a product. Here the core benefit becomes basic product

Ex: - The carbon pen should comprise of the tip, lid, plastic tube, filled with ink

- **Expected Product**

Presentation of the product with the features that the buyer expects. This is the third level of the product.

Ex: - Well performance of the carbon pen without interruption, smudge – proof, legibility, long term existence, presenting it in manner from which the ink doesn't overflow,

- **Augmented Product**

The product is presented to the market in a level which exceeds the customers' expectation. This is the fourth level of a product.

Ex: - Emitting of a pleasant smell when writing

- **Potential Product**

Entering to the potential market through augmentation features at the planning of the product after considering the fact that the customer would demand these features in the future.

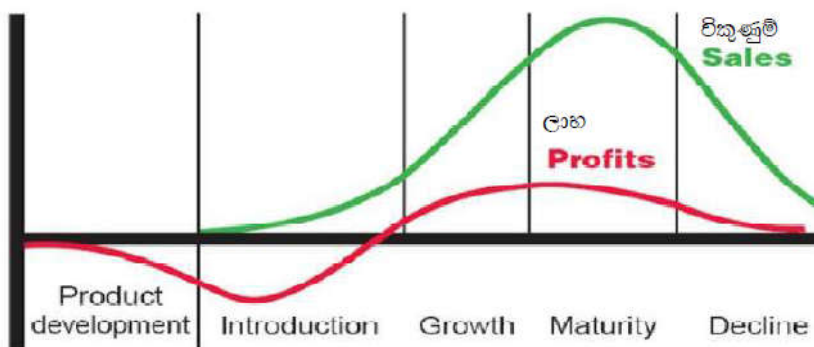
Ex: - Presenting of a carbon pen with improved level other than the level of an existing pen, giving off a music while writing and signaling prior to the carbon runs out. This is the fifth level of a product.

- There are five stages of a product life cycle

1. Product Development Stage
2. Introduction Stage
3. Growth Stage
4. Maturity Stage
5. Decline Stage.

- The production development stage starts with the conception of the idea about the new product. While there are no sales in this stage research and development expenses have to be borne.
- The products are presented in the introduction stage; the sales and profit gradually increase.
- Since the sales increases in the growth stage, a profit margin can be seen here.

- The product has already been finished accepting by the market in the maturity stage. The profit and sales are fixed while the growth of the profit and sales occurs slowly, the reduction of sales and profit will take place in the last period because of the increased competition
- Sales fall in the decline stage. Profit will be decreased.
- The product life cycle depicts various marketing objectives and strategies for various stages, generally the theoretical product life cycle concept is built up on the following assumptions.
  1. Product has a specific life time
  2. A product passes few various stages that bring by different challenges to the marketer.
  3. The sales and profit change at the various stages of the product life cycle.
  4. The marketer follows marketing goals and strategies in accordance with the nature of each stage that the product passes.



Graphing the product life cycle.

**Competency 14.0** : Evaluates the contribution of marketing management for the success of businesses.

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

**No of Periods** : 04

**Learning Outcomes:**

- Explains the brand and the trade mark.
- Illustrates the characteristics that should be in a brand.
- Describes the differences and relations in between brand and trade mark.
- States examples for various types of brands.
- Describes benefits gained from a brand for the success of business
- Creates a suitable brand for products.

**Instruction for Lesson Planning**

- Present the students the wrappers with various brand names and trademarks.  
(Various soap wrappers, milk powder packages)
- Lead a discussion by highlighting that;
- These are wrappers of various products.
- Businessmen present their products under various names and symbols and those can be presented as a name, a symbol, a picture, a term or a color etc.
- Discuss that those are commonly considered as brands and when a brand is registered that becomes a trade mark.
- Explain the characteristics that should be in a good brand name through used brand names.
- Explain the various brand names that are used in branding using examples.

- Make students engage in the following activities to assure the comprehension on kinds of brands.

### **Activity I**

- Obtain wrappers belong to various kinds of brands (that were exhibited at the beginning of the lesson)
  - Assign 4 places for the following kinds of brands
  - National Brand
  - Private Brand
  - Family Brand
  - Individual Brand
  - By providing wrappers with each brand to each student, by the teacher, instruct them to keep those brands under the relevant kind of brands.
  - Instruct the students to mention the reasons for those brands to be belonged to the relevant kind of brand when keeping so.
  - Discuss that each student was able or not to keep the relevant wrapper under the correct kind of brand.
- Explain the way that the brand is useful to businessman as well as to consumer.
  - Make the students engage in the following activity by grouping them to create a suitable brand for a product.

### **Activity II**

- Given below are 4 new products that are to be presented to the market. Focus on the product that your group has received among them.
  - A perfumed soap.
  - A financial institute.
  - A kind of chocolate.
  - A telecommunication service.
- Imagining that the product you received is hoped to be presented to the market by your group, create a suitable name and a symbol for it.

- Present reasons for selecting that name or the symbol.
- Get ready to present your findings to the class.
- Explain using examples the various brand names that are used in branding.
- Explain the way that the brand is useful to businessman as well as to consumer.

### **A Guideline to Explain Subject Matters**

- 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.
- The inherent logo of the brand is referred to as Brand Mark. When it is registered it is referred to as Trade Mark.
- Sri Lankan business firms should register their brands in the Institute of Patent and Trade Marks under the Intellectual Property Act No.36 of 2003.
- The characteristics that should be in a good brand are given below.
  - Being short and simple.
  - Easy to pronounce, recognize and remember.
  - Giving a hint on basic qualities and usefulness of the product.
  - Easy to recognize in another language as well.
  - Should be different from the brands used by competitive producers.
  - Representing a particular culture
- Various types of brands are used in branding
  - Private Brand
  - Family Brand
  - National Brand
  - Individual Brand
- **Private Brand**  
 After selling the product to traders by producers, the brand that has been created by those traders is referred to as Private Brand.  
 Ex :-Araliya Sugar, Nipuna rice, Araliya rice, Vijaya chilli powder
- **Family Brand**

Presenting a series of goods under the same brand by certain production firm is referred to as Family Brand.

Eg: MD products, Harischandra products

- **National Brand**

If a particular manufacturer presents his products under his own brand to the market, it is referred to as National Brand.

Eg:- Singer, Co-ca Cola

- **Individual Brand**

Using separate brands for various products by a firm.

Ex:- Products of Lever Brothers such as Sunlight, Lux, Signal etc...

- Several benefits received by a businessman (producer) from a brand are mentioned below.
- Ability to protect their identity by differentiating their own brand from other competitive brands.
- Easy to get orders.
- Getting the legal protection.
- To ascertain the trust of the consumers on the special features of the product.
- Ability of creating a brand loyalty among the consumers.
- By receiving a value for a high brand in the market, A value is created to the business as well.
- By doing small changes for the brand, various consumer groups can be targeted.

Ex:- Signal Junior, Anchor 1+



<b>Competency 14.0</b>	:	Evaluates the contribution of marketing management for the success of businesses.
<b>Competency Level 14.7</b>	:	Designs an attractive package and a label for product
<b>No of Periods</b>	:	06

### **Learning Outcomes:**

- Defines packaging and package.
- Explains various levels of the package.
- Lists the facts to be considered in designing a package.
- Explains labeling.
- Lists the facts included in a label
- Creates a package and a label for a product

### **Instructions for Lesson Planning**

- Present the students a polythene package in which milk powder has been packed and the cardboard package in which that was contained. Inquire from the students about that package and other similar packages.
- Explain the labeling and the label.
- Using the milk powder package presented to the class, lead a discussion highlighting the following facts.
  - By introducing that the first package of a product is the primary package, inquire from the students about examples relevant to the primary package.
  - By explaining that if there is another package outside the primary package that is referred to as secondary package, inquire the examples relevant to it from the students.
  - Explaining

- that the package used when transporting products with secondary package in bulk is transportation package, inquire the relevant examples from the students.
- Point out that the label is printed as a part of the package including the information about the products.
- Make students engage in the following activity by grouping them in a suitable manner.

- Focus on the product that your group has received among the following products.
  - Eggs
  - Toothpaste
  - Fruit drinks
  - Rice
- Point out the necessity of a package for the product you have received.
- Decide which levels of packages will be needed for that product.
- Point out what kind of packages used for them currently.
- Apart from that, design a very attractive and protective package suggested by you.
- Present facts to confirm the eligibility of the package you have designed.’
- Design a label for the product you received if necessary
- Point out the facts should be included in a label.
- Present your creations to the whole class.

### **A Guideline to Explain Subject Matters**

- The function of designing and producing a wrapper outer covering or container for a particular product is known as packaging.
- The wrapper used to give protection to product is referred to as a package. While a package is normally printed with a brand/ trade mark, it has inherent features. A product can easily be identified at the first sight of the product. The design and the colour of a package are even.
- Though the major function of a package is to give protection for a product, it is used as a marketing tool at present.

- The package can be recognized under three levels.

### 1. Primary Package

The first package of the product is primary package.

Ex :- The Polythene package in which milk powder is contained

- toothpaste tube

### 2. Secondary Package

Another package outside the primary package is the secondary package

Ex :-

- The cardboard package in which the polythene package with milk powder is contained.
- The cardboard package in which the toothpaste tube is contained.

### 3. Transportation Package

Another package outside the primary and secondary package is the transportation package.

Example

- A large box containing 24 cardboard boxes in which milk powder is included.
- A large container in which 120 boxes of toothpaste tubes are contained.

- Facts to be considered in planning a package.
- The nature of the product
- Example
  - Whether is breakable
  - Whether it is solid or liquid
  - Whether it is perishable
- Benefits to the product from the package
- Example
  - Receiving a protection for the product
  - Easy to identify the product
  - Providing information about the product
  - Providing an attractive look
- Technological eligibility
- Example
  - Whether it is healthy and safety.
  - Whether chemicals are included.

- Features of the package
- Example
  - Length, width, weight
  - The design of the product
  -
- Convenience to the trader
- Example
  - Easiness to store
  - Easiness to showcase
  - Easiness to transport
- Convenience and the usefulness to the consumer
- Example
  - To select
  - To take away
  - Ability to use for other uses
- Environment friendliness
- Example
  - Ability to recycle
  - Disposable
- Cost incurred for the package
- Labeling
 

Creating a label and the process relevant to it to show the information needed to use the product is referred to as labeling.
- Label
 

Label is the one that is used as a part of the package to mention details about the product.
- Factors included in a label
  - Information regarding the production (producer the country that produce it, registered number)
  - Name or the brand of the product
  - Price
  - Ingredients

- Manufactured date
- Expiry date
- Instructions to store and transport
- Cautions/Warnings
- Logos of standards

**Competency 14.0** : Evaluates the contribution of marketing management for the success of businesses.

**Competency Level 14.8** : Examines how to set a suitable price for a product

**No of Periods** : 03

#### **Learning Outcomes:**

- Defines price
- Describes the pricing objectives
- Points out the facts to be considered when pricing

#### **Instructions for Lesson Planning**

- Present to the class the packages of few kinds of products where the prices are mentioned.
- Provide the students with wrappers of various products to observe.
- Explain them that in every wrapper the price of the product is mentioned.
- Explain that pricing a product is a legal requirement.
- Lead a discussion highlighting the following facts.
  - Point out that pricing every product is important for a producer as well as for a consumer and the only variable that generates revenue to the producer from the other marketing variables is the price.
  - Explain that a consumer considers the price of a product in deciding the purchase of a product.
  - Explain that a firm decides the price for the products based on various factors, and when pricing in that manner, the objectives the firm expects are also various.

- Explain using examples that various factors are considered in pricing a product.
- Example  
The cost of a product.

Group the students and engage them in the following activity.

- Focus your concentration on the following incident.

A program on exhibiting and marketing the products of small and medium scale producers was held at BMICH few days ago. Following are few statements that were obtained from an interview held there with producers of handlooms.

The First Person: I'm trying to continue this business. Therefore, I don't mark a high price to my products, but expect to give a good product.

The Second Person: Nowadays it's no point of doing any business without a good profit. Therefore, I price my products a value which is much higher than the cost incurred.

The Third Person: But I present my products to the demanders who are of high purchasing power. Therefore, the price of my product is high.

The Fourth Person: My expectation is to present quality products at a reasonable price. Only those who concern about the quality come to me.

- Focus on the two statements that the group received among the above statements.
- Mention the factors that have been considered by the producers you have had for their products.
- Write separately the objectives that the producers expect in deciding the price of the products.
- Present your findings creatively to the class.

- **A Guideline to Explain Subject Matters**

- The amount of money charged from a customer 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 price is called in many names. Ex: rent, tax interest, premium, salary etc...
- The main factor considered by the consumer in purchasing is the “price”.
- The marketing variables other than the price represent the cost of the firm and the price is the only variable generating revenue to the firm.
- Accordingly, much concern should be placed in deciding the price of the goods and services and a consumer should place much concern on the price in deciding a purchase as well.
  - Few objectives of pricing are given below.
    - Survival in the market
    - Maximizing current profit
    - Maximizing market share
    - Maximizing market skimming
    - Product quality leadership
- The factors to be considered in pricing.
  - Cost
  - Competition
  - Demand

A pricing method is selected by considering few or all of the factors such as cost, the price of competitors and the demand of customers.

**Competency 14.0** : Evaluates the contribution of marketing management for the success of businesses.

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

**No of Periods** : 04

**Learning Outcomes:**

- Defines distribution
- Explains the importance of distribution.
- Explains the distribution channels available for consumer goods and industrial goods.
- Discloses the factors to be considered in selecting a suitable distribution channel.
- Suggests suitable distribution channel/channels for a given product.

**Instructions for Lesson Planning**

- Present the following list of products to the students.  
vegetables, newspapers, carpenter tools, fresh milk, rice, electric appliances, insurance.
- Discuss with the students the way the products are reached to consumers by taking the presented products one by one.

Vegetables, rice - Producer → Whole Seller → Retailer → Consumer

Electric appliance - Producer → Agent → Retailer → Consumer

Fresh milk - Producer → Consumer

Newspaper - Producer → Agent → Consumer



Insurance - Producer → Agent → Consumer

Lead a discussion by highlighting the following facts

- The process of getting the products reached to the customers/consumers is meant by distribution.
- Explain that the 'place' is decided on the nature of products or the way that the final consumer desires to purchase.

- Discuss with the students that there are various channels of distribution and there are factors to be considered in deciding a suitable channel of distribution, by using the products themselves that were used at the beginning.

Ex:-

- The nature of competitors.
  - The nature of products.
  - The nature of demand.
- Make the students engage in the following activity by grouping them in a suitable manner.
  - Discuss the importance of the distribution.
  - Give three examples for the kind of product that you have received among the following three kinds of products.
    - Consumer goods.
    - Industrial goods.
    - Services.
  - Among the above products, focus on the product that your group has received.
  - Draw a diagram including suitable distribution channels for those products.
  - Mention the factors based for deciding those distribution channels.
  - Present your findings to the class.

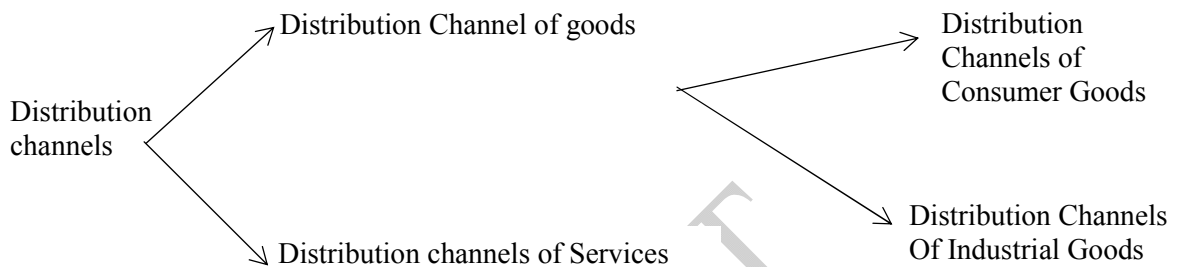
### **A Guideline to Explain Subject Matters**

- The process of getting the products reached for producer to consumer is referred to as distribution.
- The importance of transportation,
  - Consumer gets the opportunity to consume various products.

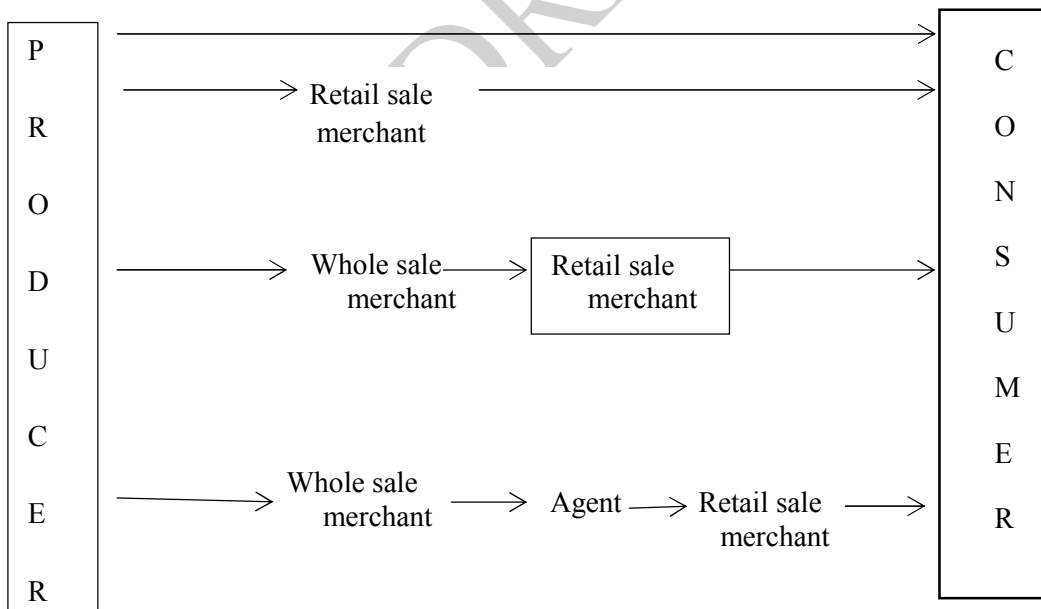
- Transportation can be done on the factors such as the nature of production, the nature of the market, and the demand.
- It assists for the expansion of the market.

- Product distribution channels are shown in the following diagram.

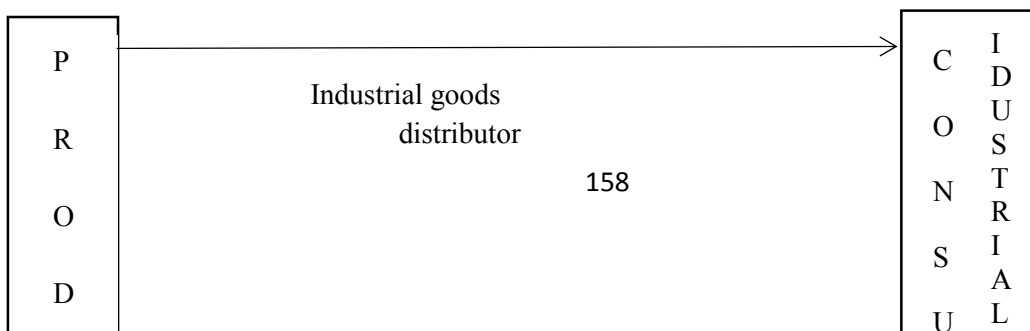
Distribution channels of consumer goods has been depicted in the following diagram.

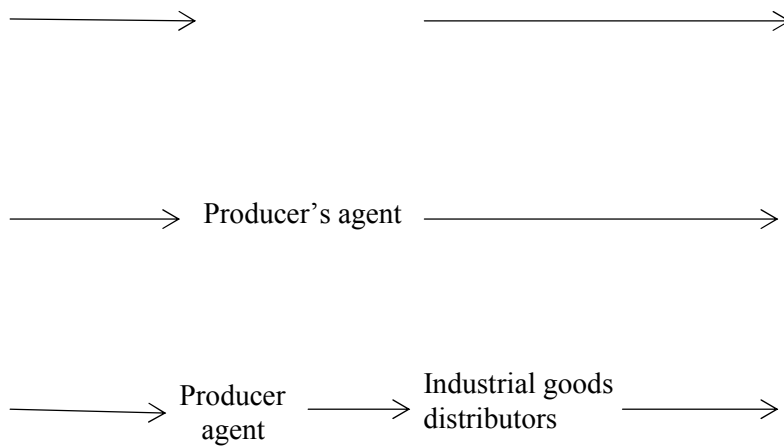


Distribution channel of consumer goods is given below

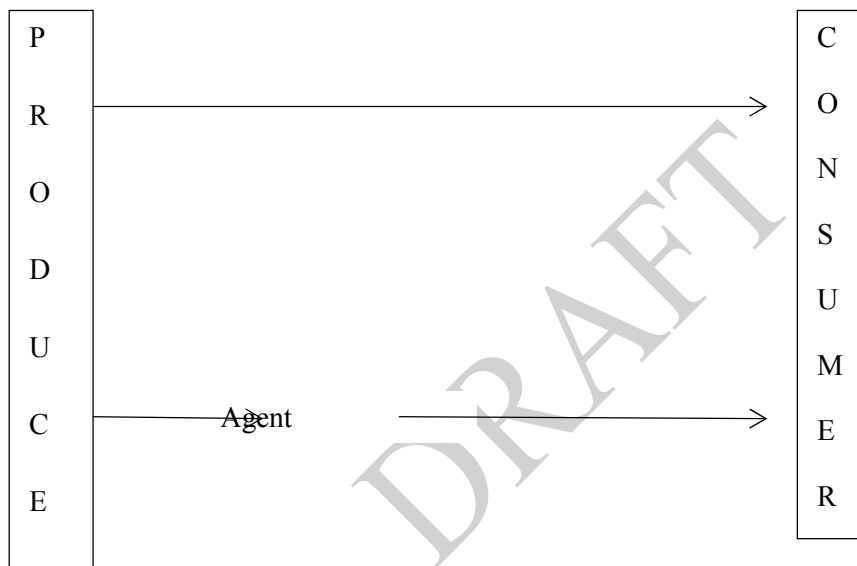


Distribution channels of industrial goods has been depicted in the following diagram





Distribution channels of services has been depicted in the following diagram.



Factors to be considered in selecting an appropriate distribution channel.

1. the product	The Nature of	- Is it a consumer good? - Is it an industrial good? - Is it a durable good? - Is it a perishable good?
2. the market	The nature of	- Is the market size large? - Is it regional?, national?, or international?
3. the demand	The nature of	-Is it a continuous demand? - Is it a seasonal demand?
4. channels of competitors	Distribution	Examining the distribution channels used by

		competitions for distributing each product.
5.	The strengths of producers	<ul style="list-style-type: none"> <li>- How much is the financial strength?</li> <li>- Is there storage facilities?</li> <li>- Are there enough employees?</li> <li>-Are there transportation facilities</li> </ul>

**Competency 14.0** : **Evaluates the contribution of marketing management for the success of businesses.**

**Competency Level 14.10** : Suppose the suitable promotional strategies to market products.

**No of Periods** : 04

**Learning Outcomes:**

- Defines promotion.
- Describes the importance of promotion.
- Explains the situations that the promotion is important to a business.
- Explains the elements of promotion mix.
- Suggests a suitable method/ methods of promotion for a product.

**Instructions for Lesson Planning**

Imagine that the responsibility of organizing a students’ fair of the commerce section is given to the committee members of the commerce society. By inquiring from the students, state on the board the various methods that you can follow to obtain higher revenue from the students’ fair.

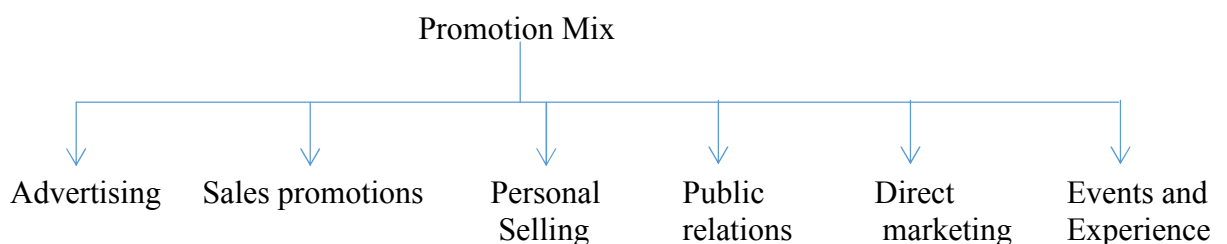
- Exhibiting various posters in the school.
- Distributing leaflets among the students.
- Giving invitations to the teachers.

- Sending invitations to the parents.
- Explain the importance of promotion by pointing out in the same manner the businesses follow various methods to increase their selling revenue and those strategies are referred to as promotion.
  - Introduce the instances where the promotion is important to a business.
  - Explain each of those tools with examples by depicting the main promotion tools of promotion mix using a flow chart. Explain the benefits and limitations of each of those tools.
- Develop the lesson by using the promotion methods of promotion mix in the following manner.
  - Selling of sea fish by fishmonger using a bicycle, (personal selling)
  - Introducing a simple machine for farmers that can be used to weed. (personal selling).
  - Introducing a new savings account by a bank for children using television medium (advertising).
  - Informing a discount method to increase the sale of a supermarket (sales promotion).
  - Informing by a television media that held “a grand clearance sale” is in December to increase the sale of readymade apparels (sales promotion, advertising).
  - Playing a street drama as regarding the eradication of Dengue. (Events and experience)
  - Occupying a retired army officer to train apprentice defense officers appointed by a firm that provides private defense service (Events and experience).
  - Beautifying and maintenance of roundabouts by the sponsorship of a life insurance company (public relationship).
  - Sale of finished shirts to customers by a shirt manufacturing factory in a trade outlet maintained in the factory building itself (Direct selling).
- By exhibiting the following flash cards, instruct students to write the promotion methods related to each.
  - Three blocks of lands are for sale near the highway entrance.
  - Up to 50% discounts for electric appliances –until 31<sup>st</sup> of December.

- All island volleyball tournament – 2018- Sponsored by DSI .
- SONY – Mobile phones, Internet.
- Providing Sports wears for Sri Lankan Cricket team for England Cricket tour – Lanka tex.
- Guide the students to write another two examples each for each of the promotional methods.

### A Guide Line to Explain Subject Matters

- Communicating customers who are interested about the products with the purpose of motivating them to purchase is meant by “Promotion”.
- The importance of promotion is as follows.
  - To introduce new products to consumers.
  - To increase the sale of existing products.
  - To inform the target customers by communicating various information about the products.
  - To face the competition successfully with other competitive products.
  - The success of other variables of the marketing mix depends on the success of promotion.
  - To enhance the image of the firm.
  - To increase the potential demand.
- Few instances where the promotion is important for a business are given below.
  - To introduce a new product to the market.
  - To maintain the demand for a product without letting it fall.
  - To improve the image of the firm.
- Promotion mix can be shown in a flow chart as follows.



TV	- Price reduction	- Sales Auctions	- Publications	- Direct mailing	-Sports events
Video	- Sample Distribution	- Incentive programs	- Sponsorship	- Catalogues sale	-Entertainment Events
- Posters	- Coupon	- Sample Selling	- Lectures	- Electronic sale	- Trips
- Banner	- Price list	- Exhibitions	- Media relations	- Web pages	- Causes
- Animations	- Gifts		- Seminar		-Street Dramas
- Seasonal Publications	- Lottery		- Annual reports		

- Given below are main promotion tools of marketing communication mix
  - Advertising
  - Sales promotion
  - Personal selling
  - Public relations
  - Direct marketing
  - Events and Experiences
- Advertising is any paid form of non-personal presentation of information by a certain sponsor on a certain product with the intension of improving future demand.
- The short term incentive strategies that influence consumers to purchase the product are referred to as sales promotion.
- Personal selling means the selling of goods and services having built up of a better relationship with customers through face to face talks.
- Direct communication with target consumers, inducing them to purchase products is referred to as Direct marketing.
- The interactive activities, programs organized by the business daily or on special occasions are referred to as events and experiences. By this, an exclusive communication program about the product and the brand is presented creatively. Here, the active participation of customer may happen as well.
- Example
  - Street Drama
  - Fun games

**Competency 15.0 :** Examines the ways of using financial management for the success of the business

**Competency Level 15.1 :** Examines the role of financial management in a business.

**No of Periods :** 05

**Learning Outcomes:**

- Explains financial management
- Explains goals of financial management
- Analyses financial decisions taken to achieve the goals of financial management
- ‘Highlights the need of financial planning and controlling.
- Explains budgeting and cash flow statements as the instruments used for financial planning and controlling.

**Instructions for Lesson Planning**

- State on the board by inquiring from the students about the means of earning incomes in their homes.  
Example : Salary, rent, interest etc...
- State on the board by inquiring from the students about the ways of spending those incomes as well.  
Example : Daily expenses such as for foods, medicines, clothes, and purchase of furniture, refrigerator etc.
- Add value for headings which are income and expenditure.
- Enter into the lesson by pointing out that usually the expenses are occurred within the income limits of a home and if money is required for unexpected expenses that may take place and for other planned activities constructions/repairing:, it is obtained in



various ways, and explain that a financial management takes place in a home, in other words that the planning and controlling of financial resources take place in a home.

- By expressing that a financial resource management takes place also in an organization in this manner, introduce the financial management.
- Discuss the basic aims and other aims of financial management.
- Discuss that the decision taken for the fulfillment of the goals of the financial management are known as financial management decisions and that can be classified into two categories as investment decisions and financing decisions.
- Make the students engage in the following activity by grouping them in a suitable manner.

Focus on the topic that your group has received among the following business organizations.

- Karunathilaka (Pvt) Company that engages in communication activities.
- Wijesinghe (Pvt) Company that engages in business activities.
- Wijewardena (Pvt) Company that engages in transportation Services.
- If you expect to expand your organization further, list the sources of funds that you can obtain the funds.
- Write separately whether those sources of funds are long term or short term.
- Write the way that you expect to invest those obtained funds.
- Present three most appropriate investment ways among those investment ways.
- Be ready to present your findings to the class.

- Explain that the decisions made by the business with regard to obtaining funds for investing in fixed and current assets are referred to as financing decisions and that the decisions made with regard to the investment of those funds in fixed and current assets are referred to as investment decisions.
- Point out to the students that those decisions can be depicted in a flow chart.
- Explain that the main goal of financial management, which is to maximize the business related value (wealth) of the owners of the business is well fulfilled on the success of the investment decisions and financing decisions and for this, the financial planning and control are necessary.
- Explain that the cash budget, capital budgeting and cash flow statements are used as instruments in financial planning and control.

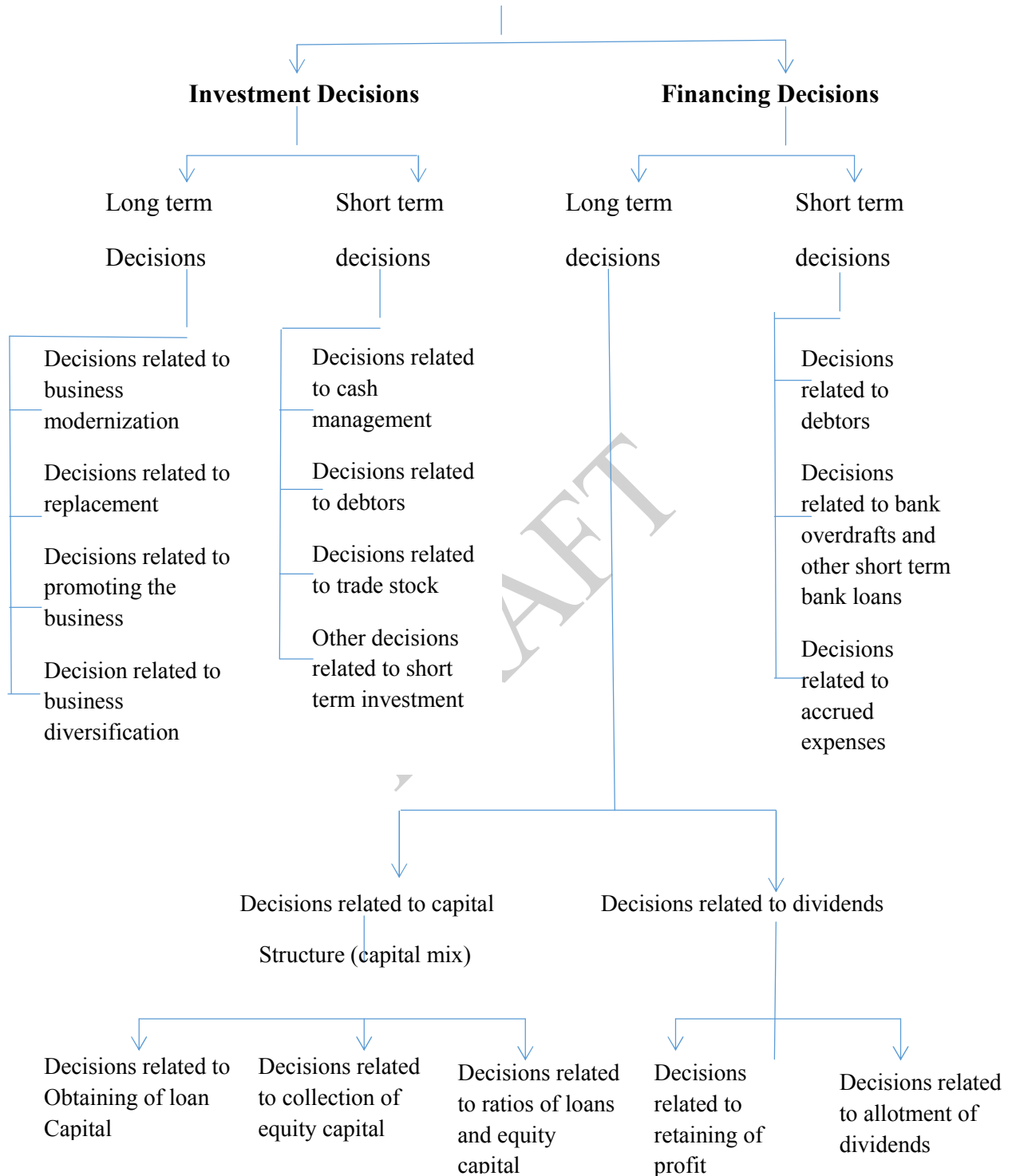
**A Guideline to Explain Subject Matters :**

- All the management activities in maximizing business related value (wealth) of the owners, through obtaining fund requirements of a business organization from appropriate sources of funds and investing them effectively in business activities is referred to as financial management.
- Planning on fund requirements, obtaining funds according to those requirements and utilizing them effectively are the main functions of the financial management.
- The main aim of the financial management is to maximize the business related value (wealth) of the owners of the businesses.

Example : When the value or the worthiness of an incorporated company is increased, the price of the shares increase. The owners of an incorporated company is its ordinary shareholders. Accordingly, increase of price of ordinary shares indicates the increase in the business related wealth of the owners.

- The increase in wealth of a sole proprietorship business can be shown by the ability to be sold that business for a higher value.
- Apart from the above basic goals, it is expected to attain the following goals as well.
  - Profit maximization
  - Maximizing earning per share
  - Establishment of long term financial stability
  - Maintaining the liquidity in an optimum level
- There are two types of important decisions taken by the financial manager in financial management.
  - Investment decisions
  - Financial decisions
- Decisions regarding how to provide the funds for investing in fixed and current assets are financing decisions. In other words, the way of obtaining those funds is known by this.
- Decisions made to invest funds in fixed assets and current assets are investment decisions. . In other words, the way of investing those funds is known by this.
- Financial management decisions can be presented using the following flow chart.

## Financial Management Decisions



- After identifying the sources of obtaining funds and the way of investing them in accordance with financial management decisions, they should be invested in effective ways having been obtained them in appropriate sources.
- If the financing decisions and investment decisions have been made in an optimum manner, the main aim of the financial management, which is the maximization of owners' wealth, will be well fulfilled. For this, financial planning and controlling are necessary.
- Budgeting and cash flow statements are used as the financial planning and controlling instruments.
- Two main instruments are used in budgeting
  - Cash budget
  - Capital budgeting
- Cash budget  
The document prepared including the expected receipt of the money and the expected payment of the money in a certain future period is referred to as cash budget.
- Examples for expected sources of cash receipts that can be seen in a cash budget are as follows
  - Cash sales
  - Sales of non-current assets
  - Receipts from debtors
- Examples for expected cash payments are as follows.
  - Purchase of stocks
  - Payments of salaries and wages
  - Purchase of non-current assets
- Some benefits of preparing a cash budget are mentioned below.
  - Ability to make effective cash investment, if any future cash excess can be identified in advance.
  - Ability to prepare for possible cash shortages successfully if any future shortage can be identified in advance.
  - Facilitating planning and control of cash by comparing with actual cash transactions.
  - Assists in confirming the future financial condition of the business when obtaining business loans.
- Capital Budgeting

The planning for the investing the current fund of an organization in most effective, long term assets or long term projects by aiming to earn benefits in the future is known as capital budgeting.

- The capital budgeting decisions that a financial manager takes re considered as long term investment decisions.
- Example :  
Construction of a new building for the growth of business activities
  - Purchasing of a new machine
  - The long term expenses spent for an advertising plan.
- Cash flow statement  
The statement that analytically depicts the actual or expected cash inflows of an organization and outflows of those for a pats period of time is known as cash flow statement.
- A cash flow statement can be prepared for a past period of time or a future period of time.
- The way that the cash flow or the cash inflows and outflows of an organization place, influence for the successfulness or unsuccessfulness of the organization. Therefore the cash flow statement is important for an organization to control the cash flows.

<b>Competency 15.0</b>	<b>:</b>	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.2</b>	<b>:</b>	Evaluates alternative sources of finance available to fulfill the financial requirements of a business.
<b>No of Periods</b>	<b>:</b>	05

**Learning Outcomes:**

- Lists the financial requirements of a business.
- Classifies the financial requirements of a business.
- Classifies the sources of finance in various bases.
- Explains advantages and limitations of alternative sources of finance.
- States examples for various sources of finance.
- Lists the factors to be considered when fulfilling the financial requirements.
- Suggests the suitable sources of finance to a given business.

**Instructions for Lesson Planning**

- Inquire from the students when and how much money has to be spent for school needs and wants.
- Inquire also the ways of obtaining those required money by the school.
- Lead a discussion highlighting the following facts.
- The school spends money on the payment of electricity bills, telephone bills, printing question papers, cleaning activities water bills etc....
- Facility and service fees, membership fees of the development society, funds received from the government, aids received from the well-wishers are used for those expenses.
- Point out that just like a school, every business needs funds for various activities and those funds are obtained from various sources of funds.
- Make students engage in the following activity by grouping them in suitable manner.

- Given below are three business firms to be started.
  - A flower and fruit nursery by Gunawardena.
  - An outlet of building materials by Silva and brothers
  - An apparel factory by Charuni PLC.
- Focus on the business that your group has received among the above three businesses.
- 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.
- List out the sources of funds that the required funds can be obtained to fulfill those requirements.
- Classify those sources of funds as stated below.
  - Funds invested by owners and funds obtained as loans.
  - Funds received through a middleman and funds received without intervention of a middleman.
  - Funds obtained for long term and funds obtained for short term.
- Write down the benefits and limitations of each source of the above fund separately.
- Point out the facts to be considered by a business firm when fulfilling its fund requirements.
- Be ready to present your findings to the whole class.

### **A Guideline to Explain Subject Matters**

- Fund requirements of a business are classified into two categories.
  - Short term financial requirements (working capital requirements)
 

The funds required in day today business activities.

Example :

    - Purchase of Stocks
    - Payment of Salaries
    - Payment of telephone, electricity bills
  - Long term financial requirements
 

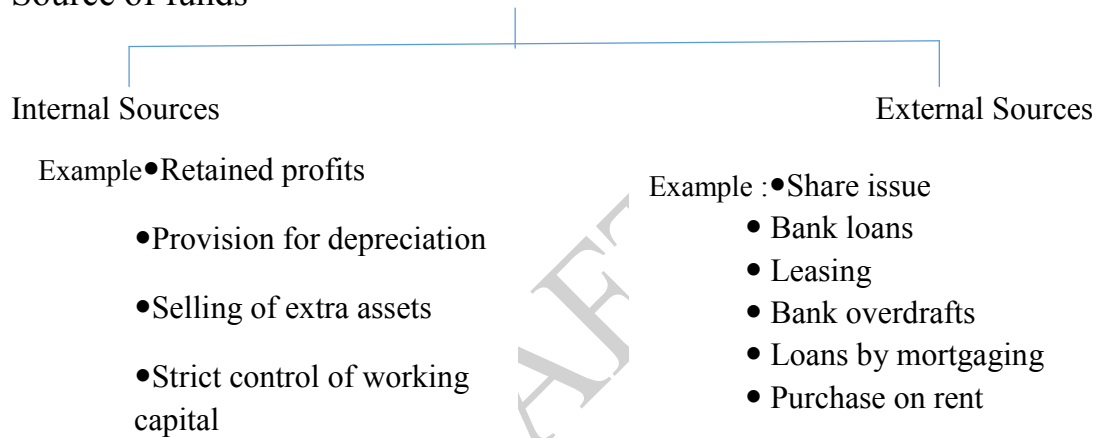
The funds needed to purchase basically required assets and non-current assets at the beginning of the business as well as when carrying on the business.

Example

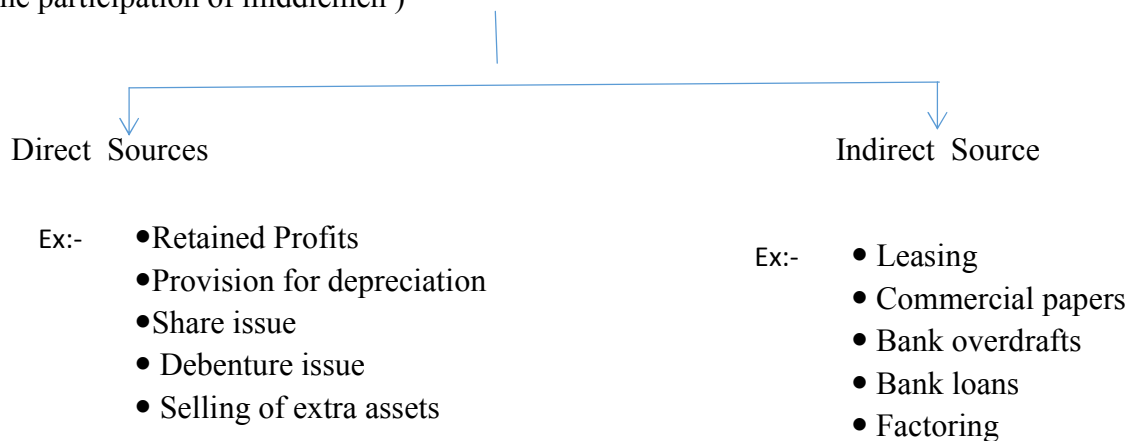
    - To purchase lands and buildings

- To obtain machinery
- To purchase motor vehicles
- To purchase office equipment
- Sources of funds can be classified on various criteria
  - According to the source
  - According to the method of obtaining (with the participation of the middlemen)
  - According to the time based
- According to the source of obtaining funds.

Source of funds

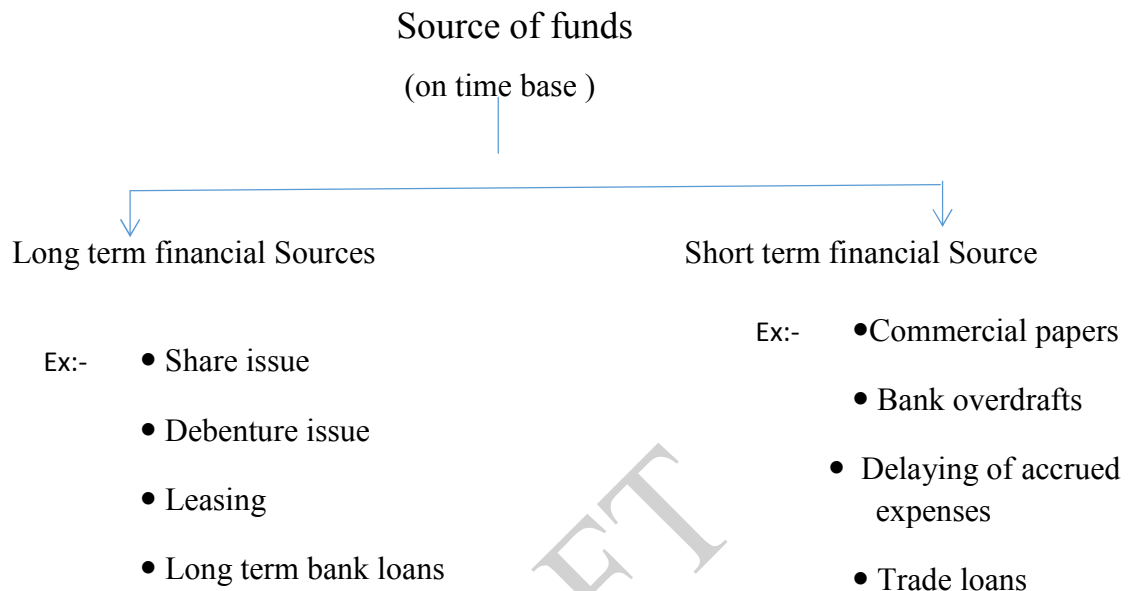


- method of obtaining funds (with the participation of middlemen )
- Source of funds





- According to the time base



- Factors to be considered in fulfilling the financial requirements.

- The amount of funds needed ‘
- Period for which funds are required (long term or short term)
- Cost ( to obtain and maintain funds)

- Ex :-
- Charges for preparing project reports’
  - Expenses incurred for keeping assets as collaterals
  - Charges for advocates

- Nature of the business (sole, partnership, companies)
- Types of securities to be presented.
- Influence on the capital structure of the business.
- Nature of the project for which the funds are invested and the expected benefits.
- Influence on the management of the business.

<b>Competency 15.0</b>	:	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.3</b>	:	Studies the alternative sources of investments
<b>No of Periods</b>	:	05

**Learning Outcomes:**

- Defines investments
- Explains investment decisions
- Classifies investment decisions as long term and short term
- Explains the importance of investment decisions for the success of businesses.

**Instructions for Lesson Planning**

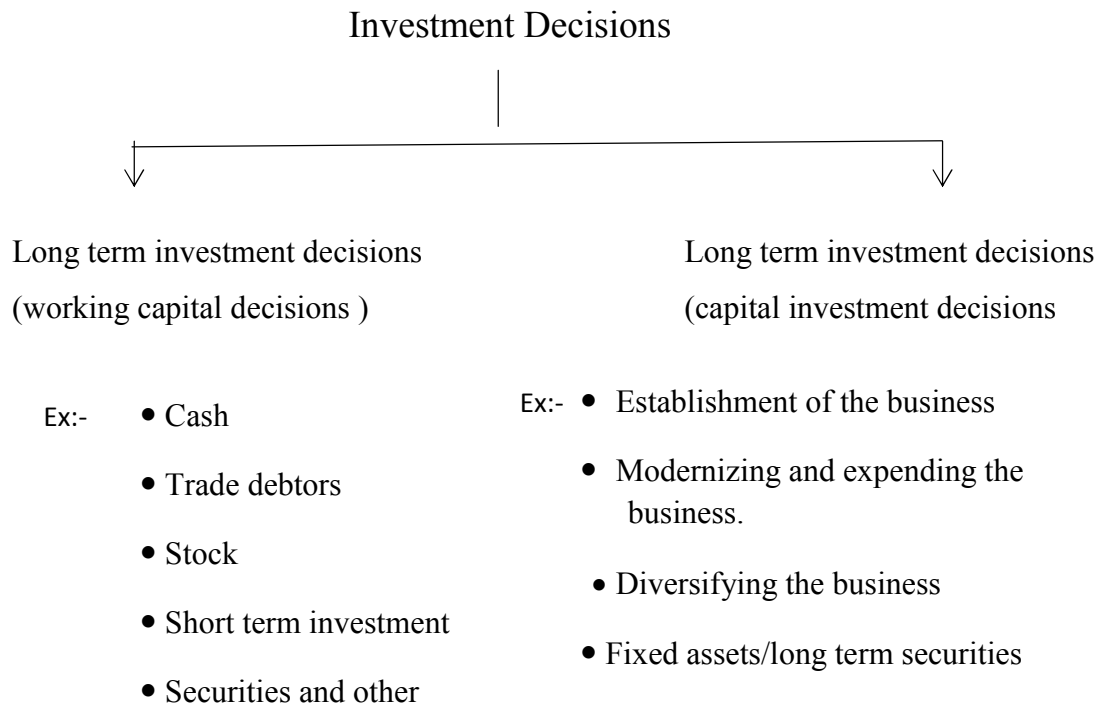
- State on the board by inquiring  
“What would you do if you won a sudden profit worth one million?” from the students.
- Guide the students to classify those written answers as long term and short term decisions.
- Lead a discussion highlighting the following facts.
  - Explain that employing the funds belonging to a person or a business with the intention of profit is known as investment.
  - That the decisions made regarding employing of funds in that manner is known as investment decisions and those decisions can be classified as long term and short term.
  - Explain the employing funds in current assets is known as short term investment and employing funds in fixed assets is known as long term investment.
  - Make students engage in the following activity by grouping them in a suitable manner.

- Divide the following two topics among the students in a suitable manner.
  - Short term investment decisions.
  - Long term investment decisions.
- Provide every group with the list that includes the following decisions'
  - Maximizing sales revenue
  - Purchasing a motor vehicle.
  - Modernizing an existing computer system.
  - Purchasing of stocks.
  - Minimizing the time of recollecting the landings.
  - Increase the amount of sales.
  - Building a vehicle parking lot.
  - Opening business branches.
  - Installing a new telephone system.
  - Increase the balance of money in hand.
  - Increase the petty cash imp rest.
- Study well the decision list you have received.
- Classify these decisions under the topics you have received.
- Write the factors to be considered in making decisions relevant to your title through a discussion.
- Be ready to present your findings creatively to the class.
  
- Discuss the facts to be considered in investing the funds belong to a business.
- Explain that the decisions made in investing the funds belonging to a business are important for the success of the business.

### **A Guideline to Explain Subject Matters**

- Employing the funds belonging to a business within the business or the outside of the business is known as investment and the decisions made for them are known as investment decisions.

- Investment decisions can be classified as follows.



- Taking correct decision when investing, guides to the success of the business.
- In the same manner, since the things such as obtaining the maximum use from the business resources, ability to identify optional investment opportunities, selection of an investment of higher benefits, take place through investment decisions, they cause for the success of the business.
- Few factors to be considered in investing the funds in current assets and fixed assets are stated below.

- |                          |                                |
|--------------------------|--------------------------------|
| • Returns on investment  | • Policies of the organization |
| • Risk of the investment | • Cost of the investment       |
| • Liquidity              | • Legal conditions             |
| • Environment factors    | • Influence on operations.     |
| • Uncertainty            |                                |

**Competency 15.0 :** Examines the ways of using financial management for the success of the business.

**Competency Level 15.4 :** Analyses the financial position of a business using financial ratios.

**No of Periods :** 06

**Learning Outcomes:**

- Explains how the financial statements support for financial analysis.
- Explains financial statements which are important for the financial manager.
- Explains the ratio analysis which is used as a main techniques for financial analysis.
- Calculates the financial ratios using the given data.
- Uses financial ratio analysis to take correct financial decisions.

**Instructions for lesson planning**

- Exhibit to the students the following diagram which includes the information related to subject results of two schools.
- State on the board by inquiring from the students regarding which school is the best between these two schools on the exam results wise.

<p>Sri Sumana College</p> <p>The number of students who have got through in G.C.E. (O/L) in 2017 is 150</p>
-------------------------------------------------------------------------------------------------------------

<p>Jana Jaya College</p> <p>The number of students</p> <p>Who have got through in G.C.E. (O/L) in 2017 is 177</p>
-------------------------------------------------------------------------------------------------------------------

Present again the following information regarding the results of the same two schools.

<p>Sri Sumana College</p> <p>The number of students sat for G.C.E. (O/L) 200</p> <p>Got through 150</p>
---------------------------------------------------------------------------------------------------------

<p>Jana Jaya College</p> <p>The number of students</p> <p>Sat for G.C.E. (O/L) 300</p> <p>Got through 177</p>
---------------------------------------------------------------------------------------------------------------

- Inquire from the students from the students which school is the best according to these information.
- Write those answers on the board
- By comparing the answers provided at two instances, present the reasons if there is a difference.
- Explain that the data should be prepared in order to make correct decisions.
- Using also the above information, lead a discussion highlighting the following facts.
  - That the financial statements are used in financial management to obtain necessary information.
  - That the financial ratios are used in analyzing financial statements.
- Given below are some relative advantages and limitations of optional sources of funds
- Advantages of internal sources of funds.
  - Reduction in cost
  - Easy to obtain
  - No need of paying back
  - Liability of the business not being increased.
  - No need to obey special conditions.
- Limitations of internal sources of funds.
  - Inability to obtain a large amount of fund.
  - Arising problems in working capital.
- Advantages of external sources of funds.
  - Ability to obtain a large amount of funds
  - Ability to expand the ownership of the business  
Example :- Issuing ordinary shares.
- Limitations of external sources of fund
  - Cost of obtaining being high.
  - Obtaining funds not being easy
  - Need of collaterals  
Example : - Bank loans

- Liability of the business being increased.
- Advantages of direct sources of funds
  - Extra cost not being required.
  - No need to obey conditions.
  - Ability to obtain any time
- Limitations of direct sources of funds.
  - Having to pay dividends and interests
- Advantages of indirect sources of funds
  - No impact on management
  - No impact on ownership
  - Ability to pay off any time.
- Limitations of indirect sources of funds.
  - Having to obey rules and conditions.
  - Having to incur a time and a cost to prepare documents.
- Advantages of short-term sources of funds
  - No long term bonds
  - Ability to obtain quickly
  - Impact on the management being reduced.
- Limitation of Short-term sources of funds
  - Paying back time being reduced.
  - Arising problems in working capital
- Advantages of long term sources of funds
  - No need to pay immediately
  - Ability to pay off in installments.
- Limitations of long term sources of fund
  - Having to pay dividends
  - The amount of interest to be paid being high
  - Need of collaterals.
- By comparing the advantages and limitations of optional sources of funds the most appropriate source/sources of funds can be selected.

### **A Guideline to Explain Subject Matter**

- The technique of analyzing financial statements through calculating financial statements through calculating financial ratios is known as ratio analysis.
- Financial ratios are important to understand the functioning and the financial condition of a business.
- The information containing in the financial statements are used for ratio analysis.
  
- Here, the financial statements are used.
  - Income statement
  - Balance sheet
  - Cash flow statement
  
- Financial ratios can be classified as follows.
  - Liquidity ratios
  - Profitability ratios
  - Activity ratios
  - Leverage ratios/Gearing ration



The income statement of Navodya Company Ltd. For the year ended 31.12.2016 and the balance sheet as at that date are mentioned below.

**Navoeya Company Ltd.**  
**Income statement**  
**For the year ended 31.12.2016**

	Rs.	Rs.
Sales		500 000
Opening Stock	20 000	
Purchases	310 000	
Carriage inward	10 000	
	340 000	
(-) Closing Stock	(40 000)	
Cost of sales		(300 000)
Gross profit		200 000
Other revenues		20 000
Total revenue		220 000
Administrative expenses	20 000	
Delivery expenses	32 000	
Other expenses	8 000	
Financial expenses	15 000	(75 000)
Net profit before tax		145 000
(-) Income tax		(45 000)
Net profit after tax		100 000

**Navoeya Company Ltd.**  
**Balance Sheet**

**As at 31.12.2016**

	Cost (Rs.)	Cumulative Deprecation (Rs.)	Net Value (Rs.)

DRAFT

<b>Non-Current Assets</b>			
Buildings	300 000	100 000	200 000
Machinery & Plants	250 000	500 00	200 000
<b>Current Assets</b>	<b>550 000</b>	<b>150 000</b>	<b>400 000</b>
Stock		40 000	
Debtors		20 000	
Prepaid expenses		10 000	
Cash-in-hand		30 000	100 000
Total Assets			500 000
<b>Share Capital</b>			
Ordinary Share Declared capital		150 000	270 000
Preference shares declared capital		120 000	
Reserves			150 000
B/F balance of P/L			
<b>Non –Current liabilities</b>			
Bank loans		30 000	
8% Debentures		50 000	80 000
<b>Current liabilities</b>			
Creditors		20 000	
Interest payable		10 000	
Accrued expenses		4 000	
Tax payable		16 000	5 000
Equity & liability			505 000

Financial Ratios can be classified as follows

- Liquidity Ratio
- Profitability Ratio
- Activity Ratio

- Leverage Ratio/Gearing Ratio
- Liquidity Ratio

Liquidity ratio shows the ability of a business to meet the short term bonds/liabilities. Similarly, this ratio is used to identify the short term solvency.

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.

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

$$\text{Current Ratio of Navodaya Company} = \frac{100,000}{50,000} = \underline{\underline{2}}$$

- It is generally accepted that the presence of current assets equal to twice the value of current liabilities or the current ratio equal to two is appropriate. But, this may differ according to the organization.
- Quick Ratio

This ratio shows the relationship between the current liabilities and the liquid assets. Assets with very low liquidity that are in current assets are removed when calculating this ratio.

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

Liquid Assets = Current Assets – (Year end Stock + pre paid expenses)

$$\text{Quick Ratio of Navodaya Company Ltd.} = \frac{1000,000 - (40,000 + 10,000)}{50,000}$$

$$= \frac{50,000}{50,000}$$

$$= \underline{\underline{1}}$$

- It is generally accepted that the presence of equal amount of current liabilities and liquid assets or the presence of quick ratio equal to one is appropriate.

- Profitability ratios

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
- Return on Equity

- Gross Profit ratio

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

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

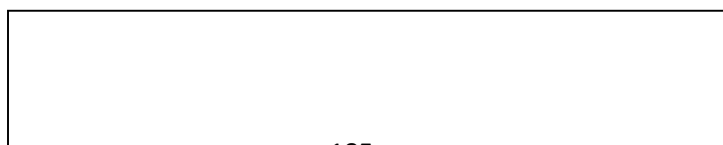
$$\text{Gross Profit Ratio} = \frac{200,000}{500,000} \times 100$$

$$= \underline{\underline{40\%}}$$

- While this presented as a ratio, it is favourable to the business if the answer becomes increased. The pricing policy of the business is shown through this.

- 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.



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

$$\begin{aligned} \text{The Net Profit Ratio of Navodya Company Ltd.} &= \frac{145,000}{500,000} \times 100 \\ &= \underline{\underline{29\%}} \end{aligned}$$

- Net profit ratio is used to measure the efficiency of operational activities.

- Return on Investment Ratio

This ratio shows the relationship between the returns of the business related to the total investment as a percentage. ‘

$$\text{ROI} = \frac{\text{Net Profit after tax and interest} + \text{interest}}{\text{Total Assets / capital invested}} \times 100$$

$$\begin{aligned} \text{The Return on Investment} &= \frac{100,000 + 15,000}{550,000} \times 100 \\ \text{Ratio of Navodya Company Ltd} &= \underline{\underline{29.9\%}} \end{aligned}$$

- Return on Equity Ratio

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

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

*Return on Equity Ratio*

$$\begin{aligned} &= \frac{100,000 - 0}{150,000 + 150,000} \times 100 \\ &= \underline{\underline{33.3\%}} \end{aligned}$$

- Operational Ratios /Activity Ratios

The relationship between investment in assets and earnings created by them is shown by the 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

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

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

- Inventory Turnover Ratio =  $\frac{300\,000}{30\,000}$   
= 10 (times)

- Debtors Turnover Ratio

This Ratio shows how efficiently the business collects the cash from its debtors.

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

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

$$\text{Debtors Turnover Ratio of Navodya Company Ltd.} = \frac{200,000}{20,000}$$

$$= \underline{10}$$

- Total Assets Turnover Ratio

This ratio shows the relationship between the total assets of the business and its sales. In other words, it shows how efficiently the total assets of the business have been utilized.

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

$$\text{Total Assets Turnover Ratio of Navodya Company Ltd.} = \frac{500,000}{550,000}$$

$$= \underline{0.9}$$

- Leverage Ratio

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

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

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

$$\begin{aligned} \text{Debt Ratio of Navodya Company} &= \frac{120,000 + 30,000 + 50,000}{500,000} \times 100 \\ &= \underline{40\%} \end{aligned}$$



- 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).

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

$$\text{Equity Capital} = \text{Ordinary Share Capital} + \text{Reserves}$$

$$\begin{array}{l} \text{Capital Payable a} \\ \text{Fixed Interest} \end{array} = \begin{array}{l} \text{Preference} \\ \text{Share capital} \end{array} + \text{Debentures} + \text{Long tern loans}$$

$$\text{Debt Ratio of Navodya Company Ltd.} = \frac{200,000}{300,000} = \underline{0.6}$$

- Interest Coverage Ratio

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

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

$$\text{Interest Coverage Ratio of Navodya Company Ltd.} = \frac{160,000}{15000} = \underline{10.6}$$

**Information of two companies for the year ended 31.03.2017**

	Vidura Company	Avidura Company

	(Rs.)	(Rs.)
Sales	300000	500000
Cost of sales	(200000)	(300000)
Gross Profit	100000	200000
Other revenues	15000	20000
	115000	220000
Delivery expenses	(13000)	(15000)
Administrative expenses	(16000)	(18000)
Other expenses	(10000)	(20000)
Financial expenses	(6000)	(17000)
Profit before tax	75000	150000
Tax	(20000)	(30000)
Profit for the period	55000	120000
Cash Sales	40%	50%
Annual depreciation	9000	10000
Opening Stock	20000	30000
Closing Stock	<b>30000</b>	<b>40000</b>

**Balance Sheet as at 31.03.2017**

	<b>Vidura Company (Rs.)</b>	<b>Avidura Company (Rs.)</b>
<b>Non-current Assets</b>	270000	300000
	50000	100000
<b>Current Assets</b>		

Stock	30000	40000
Debtors	20000	25000
Prepays	10000	15000
Cash deposits	20000	30000
	400000	50000
<b>Capital and Deposits</b>		
Ordinary Shares Capital	140000	200000
Preference Shares Capital	100000	150000
Retained earnings	60000	70000
Common reserves	600000	440000
<b>Non current liabilities</b>		
Bank loans	20000	30000
8% Debentures	40000	--
<b>Current liabilities</b>		
Creditors	17000	20000
Accrued expenses	10000	5000
Tax payable	130000	15000
	400000	510000

- Provide the students with the following exercise to ensure the knowledge on ratio analysis

- Given below are the income statement of Lahiru Company for the year ended 30.06.2016 and the Balance Sheet as at that date.

### Income Statement

Sales		640 000
Cost of sales	30 000	
Opening Stock	370 000	
Purchases	400 000	
(-) Closing Stock	80 000	320 000
Gross profit		320000
Delivery expenses	60 000	
Administrative expenses	54 000	
Financial expenses	55 000	
Other expenses	24 000	130 000
Profit before tax		190 000
Less tax		70 000
Profit after tax		120 000

- 80% of sales are cash sales

### Balance Sheet

Non-current Assets		
Investment		800 000
Current Assets		50 000
Debtors	20 000	
Stock	80 000	
Pre-paids	10 000	
Cash	40 000	150 000
		100 000
Ordinary Shares Capital	560 000	
Preference shares Capital	220 000	
Net profit	120 000	900 000
10% Bank Loans		50 000
Current Liabilities		
Creditors	45 000	
Accrue expenses	5 000	50 000
		1000 00

- Show the following ratios calculated.
  - Current ratio and quick ratio
  - gross profit ratio and Net profit ratio
  - Inventory turnover ratio and total assets turnover ratio
  - Debt ratio and Debt-Equity ratio
- Using the ratios you have calculated, engage in commentary
  - Liquidity ratio of the firm
  - Profitability
  - Existence
- State the importance and limitations of financial ratio analysis.

<b>Competency 15.0</b>	:	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.5</b>	:	Studies the participation of financial market in relation to financial management
<b>No of Periods</b>	:	04

**Learning Outcomes:**

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

**Instructions for Lesson Planning**

- Lead a discussion highlighting the following facts to remind the information about financial institutions discussed in the competency level 7.2.
  - The way the financial institutions are classified.
  - The Central Bank of Sri Lanka and its functions etc.
  - By introducing what a financial system is, depict the composition of a financial system and explain briefly each of those components.
- Make students engage in the following activity by grouping them in a suitable manner.
- Provide the groups with flashcards prepared including the following items.

1. Licensed Commercial Banks
2. Internal Foreign exchange market
3. Venture capital companies
4. Share market
5. Treasury bills
6. Commercial papers
7. Treasury bonds market
8. Ordinary shares
9. Script less securities settlement system

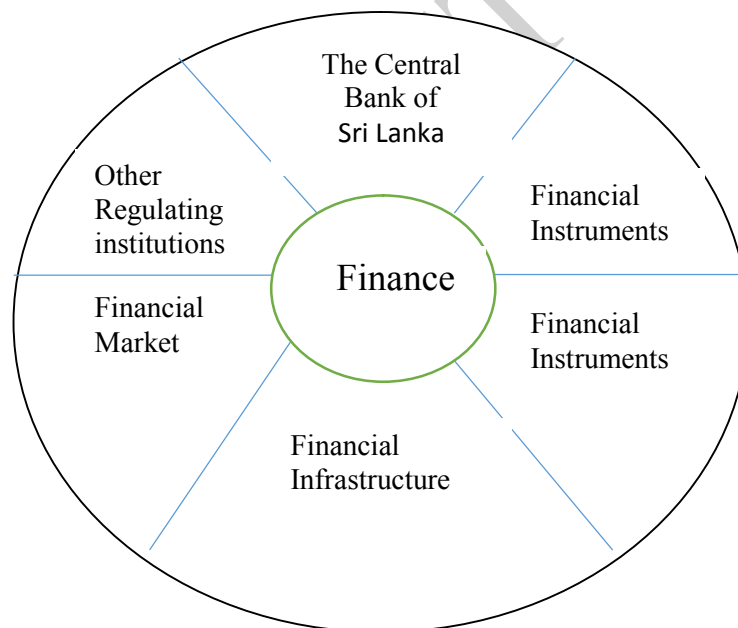
- Instruct them to classify them under the following items.
  - Financial institutions
  - Financial infrastructure
  - Financial instruments
  - Financial market
- Make arrangements to get the students' findings presented to the class.

### A Guideline to Explain Subject Matters :

- The system consisting of
  - Financial markets
  - Financial institutions
  - Financial instruments
  - Financial infrastructure
  - The Central Bank of Sri Lanka

Which implements the financial decisions of an economy is known as the financial system.

- An important and main function that takes place in the financial system is the “financial brokering (intermediation)”.
- The mechanism that connects the units with fund surplus and the units with fund shortage is the financial intermediation.
- The composition of a financial system can be shown through the following diagram.



- All the banking and non-banking institutions that are implemented in a financial market of a country are known as financial institutions.
- The Central Bank of Sri Lanka has classified the financial institutions as follows.

01. Bank Sector
- The Central Bank of Sri Lanka
  - Licensed Commercial banks
  - Licensed Specialized banks
02. Other deposit taking financial institution
- Licensed finance companies
  - Co-operative Rural banks
  - Thrift and credit co-operative societies.
03. Other Special financial institutions
- Specialized leasing companies
  - Primary Dealers
  - Stock Broking Companies
  - Unit Trusts/Unit Trust Management companies
  - Market Intermediaries
  - Venture Capital Companies
  - Credit Rating Agencies
04. Contractual Savings Institutions
- Insurance Companies
  - Employees' Provident Fund
  - Employees' Trust Fund
  - Approved Private Provident Funds
  - Public Service Provident Fund
- (has been discussed in detail in competency level 7.2)
- Financial instruments that are used in the financial market of Sri Lanka are,
    - Treasury Bills
    - Treasury Bonds
    - Ordinary Shares
    - Preference Shares
    - Commercial Papers
    - Certificate of Deposits
    - Corporate Debentures



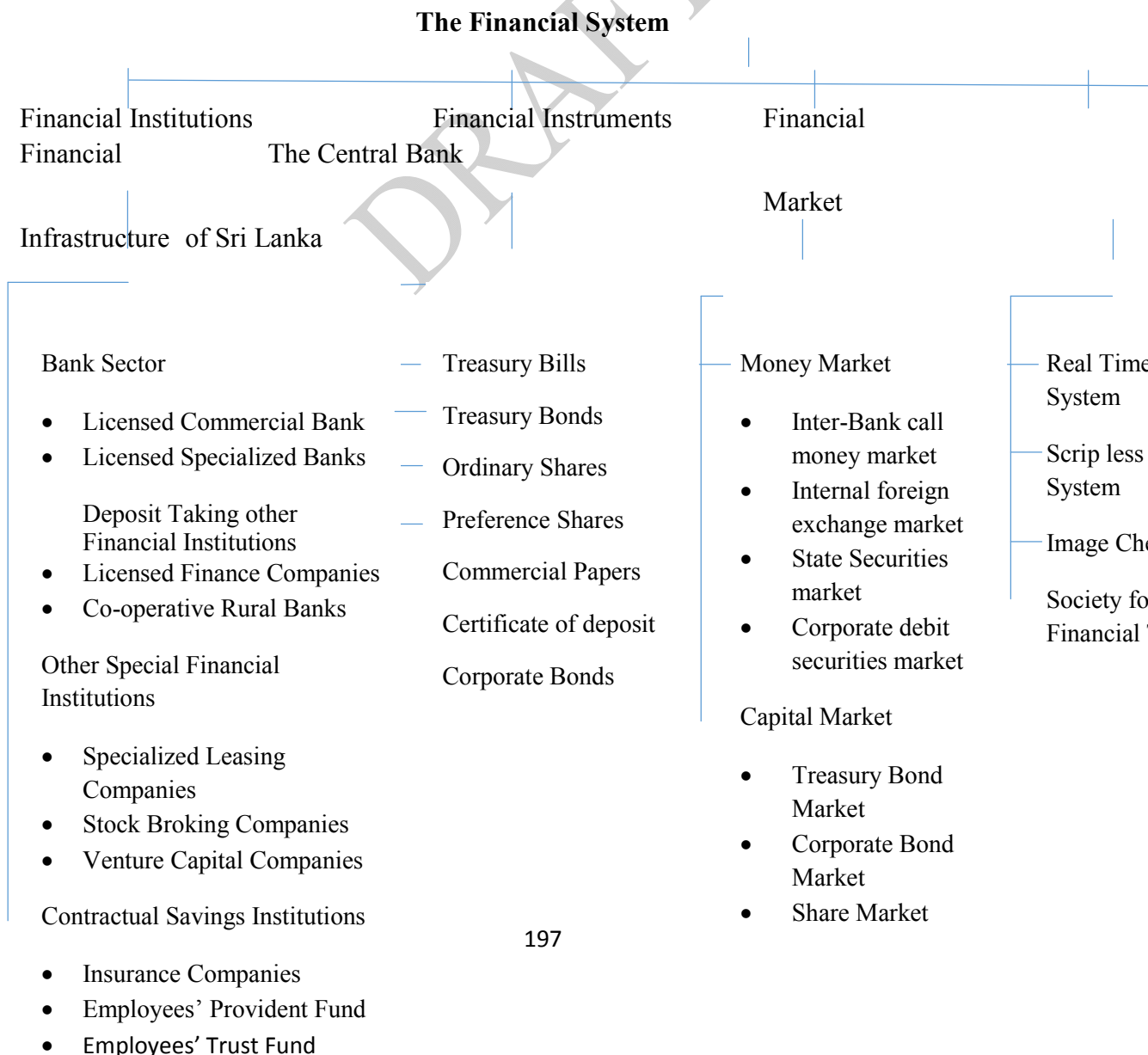
(has been discussed in detail in the competency level 15.6)

- Payment and settlement systems which support to ensure the proper functioning and stability of the financial system of a country are known as financial infrastructure facilities.

Examples :

1. Real Time Gross Settlement System (RTGS)
  2. Image cheque clearing/cheque transaction system (CTS)
  3. Script less Securities Settlement System (SSSS)
  4. Society for World Wide Interbank Financial Telecommunication (SWIFT)
- The financial market will be discussed in the competency level 15.6.
  - The Central Bank of Sri Lanka has been discussed in the competency level 7.3.
  - The financial system of a country can be depicted through the following chart.

- The Financial System



<b>Competency 15.0</b>	:	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.6</b>	:	Studies the performance of the financial market in Sri Lanka
<b>No of Periods</b>	:	04

### **Learning Outcomes:**

- Defines the financial market
- Classifies the financial market based on the maturity period of financial instruments
- Shows the composition of the financial market
- Describes separately each sub-market of the money market
- Describes separately each sub-market of the capital market
- Describes financial instruments exchanged of the financial market

### **Instructions for Lesson Planning**

- Enter into the lesson by reminding that it was introduced in the competency level 15.5 that a place or a space that connects the suppliers and buyers of funds is known as the financial market.
- By inquiring the places or instance where buyers and suppliers of fund connect in that manner, state the receiving answers on the board.

### **Examples :**

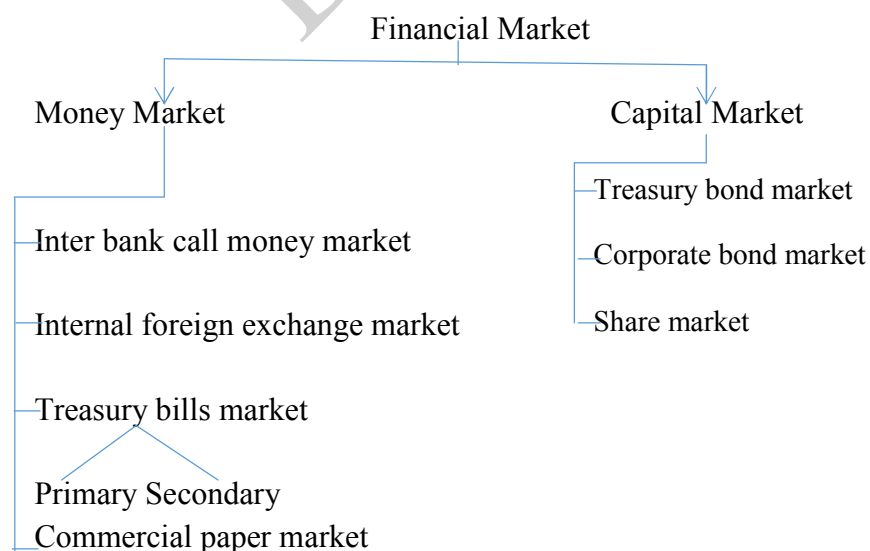
- Obtaining of loans from banks by businessmen
- Obtaining of loans from financial companies by businessmen
- Obtaining of sudden loans from another bank by a bank
- Obtaining of funds from financial institutions.
- Obtaining loans from foreigners by the government.
- Obtaining of funds through issuing shares by limited companies.
- Obtaining of funds through issuing debentures by limited companies.
- Obtaining of funds through share market.
- Obtaining of funds from people, banks and financial institutions by the government for the financial requirements of the government.
- Obtaining of funds from people through issuing treasury bills.
- Explain, that the funds obtained in the above manners can be classified as money market and capital market based on the maturity period of them.

- By clarifying the answers that don't belong neither to money market nor capital market, remove from the board.
- Accordingly, among the above sources of obtaining funds, separate the elements that belong to money market and capital market.
- By stating the sub-markets of money market and capital market, explain them.
- By introducing the financial instruments that are exchanged in the financial market, explain each of them.
- Make students engage in the following activity

- Given below are few functions of the financial market and few sub-markets of the financial market respectively.
- Functions of the financial market.
  - Issuing a bank draft by a commercial bank to a foreign bank.
  - Purchasing treasury bills from share market by an investor.
  - Obtaining a loan by a commercial bank for another commercial bank to settle down within two days.
  - Issuing debentures by a state corporation.
  - Purchasing treasury bills by a unit trust from a primary dealer.
  - Raising fund through issue of treasury bills' by the government.
  - Obtaining remaining bills by the Central Bank.
  - Purchasing shares from the secondary market by investors.
- Sub Markets
  - Share market
  - Internal foreign exchange market (local)
  - Corporate bonds market
  - Primary market of treasury bills
  - Secondary market of treasury bills
  - Inter-bank call money market
  - Treasury bonds market
- By yourself
  - List out the sub markets of the money market and the capital market separately among the above markets.
  - Among the functions given, list out the functions belong to the money market and the capital market under the each market.
  - Present the criteria used for selecting in the above manner.
  - Show the composition of the financial market in a flow chart.
  - Present your findings to the class.

### **A Guideline to Explain Subject Matters**

- A place of a space existing to connect the buyers and sellers of funds is known as financial market. This can be a certain place or as electronic. Purchase and sale of financial assets take place in the financial market.
- The composition of the financial market comprises of the following market.
  - Inter-bank call money market
  - Internal foreign exchange market
  - State securities market
    - Treasury bills market
    - Treasury bonds 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 instruments.
  - Money market
  - Capital market
- The composition of the financial market can be shown by the following flow chart.



- The market for purchasing and selling of short term financial assets is known as money market.

- Money market comprises of the following sub markets.

### **Inter-Bank Call Money Market**

The market where the short term loan demands and short-term loan supplies take place among commercial banks. Banks having liquidity crisis obtaining short term loans from the banks having excess liquidity to fulfill their requirements under the payment within one day overnight is known as Inter-bank quick debt transaction and the market where those transactions take place is known as Inter-bank call money market. These transactions are made using the reserves maintained by these banks in the Central Bank of Sri Lanka.

### **Internal Foreign Exchange Market**

The market where obtaining of short term loans and provision of short term loans takes place using foreign exchange within the country. In other words, functions of commercial banks in connection with the transactions of foreign currency are known as this. Transactions such as obtaining of Sri Lankan rupees by selling the foreign currency have had by the exporters, purchase of foreign currency by giving Sri Lankan rupees by importers, issue of letters of credit, issue of foreign bank drafts etc... take place here.

### **Treasury Bills Market**

The financial instrument issued by the Central Bank of Sri Lanka to obtain short term loans, required by the government in Sri Lankan currency.

- Primary Market of Treasury Bills

Selling of treasury bills to primary dealers through authorized agents of the central bank of Sri Lanka are treated as the primary market of treasury bills.

- Secondary Market 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**

This is a financial instrument issued by the companies to fulfill their liquidity requirements. The market in which the exchange of commercial papers takes place is known as the commercial paper market.

## **Capital Market**

The market where the transactions with a maturity period of more than a year take place. That is to say, the market where the transactions between parties having excess funds and parties facing fund requirements take place is known as capital market.

- **Treasury Bond Market**

A type of script less securities that are issued by the Central Bank of Sri Lanka on behalf of the government to obtain medium term and long term loans for the government are known as treasury bonds. The market that the exchange of these securities takes place is known as treasury bond market. This, a safe financial instrument can be purchased in multiples of thousands. These are issued with the maturity periods of two to thirty years.

- **Corporate Bonds Market**

This is the market in which the transactions related to marketing of the bonds/debentures issued by the state corporations and companies to fulfill their medium term and long term fund requirements take place. Corporate bonds can be exchanged in the share market by listing in the Colombo Stock Exchange.

- **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.

<b>Competency 15.0</b>	:	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.7</b>	:	Examines the activities of Colombo Stock Exchange
<b>No of Periods</b>	:	05

#### **Learning Outcomes:**

- Defines Colombo Stock Exchange
- Explains how important the Colombo Stock Exchange to the Sri Lankan economy.
- Explains the differences between primary and secondary share market.
- Explains how the limited companies can be registered in the share market.

#### **Instructions for Lesson Planning**

- Enter into the lesson by inquiring the following questions from the students.
  - What are the sources of obtaining capital available for public companies?
  - What is the main source of obtaining capital among them?
  - Can people buy the shares of a listed company? How?
  - What is the main function that take place in the Colombo Stock Exchange?
  - Using that, Define the Colombo Stock Exchange.

#### **A Guideline to Explain Subject Matter**

- The establishment administering the buying and selling of the shares of listed companies is known as the Colombo Stock Exchange.
- The Colombo Stock Exchange is company limited by guarantee.
- The brokering companies act there as full members. These brokering companies function as intermediators in the Colombo Stock Exchange. The functions of the Colombo Stock Exchange are regulated and monitored 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.
  - Ability to attract foreign investors to the country.
  - The government can collect required fund by selling government securities.
  - Creating a value for company shares.
  - Increasing the goodwill and the image of companies.
- 
- 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 limited company has three options to register in the share 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 share for the first time.
    - Through an offer for sale

A company that has already issued shares can get listed to present the shares for sale which already belong to the public through the share market is known by this.
    - Through an introduction

A company can get listed in the share market as an introduction without issuing shares to the public.
  - When registering of companies in the share market, all the companies are listed under two boards
    - Main board
    - Dirisavi board
  - The Main board

The board separated for the companies with larger stated capital is the main board.



- There are some conditions to be fulfilled for the ordinary shares to be listed in the main board.
  - The stated capital of the company should be at least 500 million rupees.
  - Profits should have been earned before tax continuously for at least three previous years before the day of applying to be listed.
  - The net assets of the business should be confirmed by the audited final reports of the nearest two years before the day of applying to be listed. At least 25% of shares issued should belong to the public.
  
- The Dirisavi Board
  - The board separated for the companies established with a limited stated capital is Dirisavi board.
  
- There are few conditions to be fulfilled to be listed in Dirisavi Board.
  - The stated capital of the company should not be less than 10 millions rupees.
  - At least 10% of shares issued should belong to the public.
  - The net assets of the business should be confirmed by the audited final reports for the year which is before the day of applying to be listed.
  - The active time period of the company should be at least two years.
  
- Watch List Board
  - The board in which the companies those violate or do not follow the conditions of listing, are entered is known as Watch List Board. This was called “ Default Board” previously.

<b>Competency 15.0</b>	<b>:</b>	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.8</b>	<b>:</b>	Studies the securities exchange in the share market and benefits of them
<b>No of Periods</b>	<b>:</b>	06

### **Learning Outcomes:**

- List the securities exchanged in Colombo Stock Exchange.
- Describes each security exchange in the Colombo Stock Exchange.
- Explains direct and indirect benefits of investing in securities separately.

### **Instructions for Lesson Planning**

- Present the following incident to the class.
  - Sarath has returned to Sri Lanka having done a job in abroad for 10 years while he expects to invest Rs.1000,000 he has earned there, he has no knowledge about a suitable investment way.
  - Using the knowledge on financial management that has already been acquired, inquire from the students about suitable investment ways for Sarath.
  - State the students' response on the board.  
Example: - Depositing in the bank, purchasing a land, investing in share market etc.  
By emphasizing the investment in the share market among the students response, explain the securities that are exchanged in the share market.
  - Lead a discussion by inquiring the students' ideas about the benefits that can be gained through investing in each security.
  - By considering the students' response, point out that those benefits can be classified as direct and indirect benefits.

### **A Guideline to Explain 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 investors become owners of the company through buying of these shares. Though the investors who purchase ordinary shares are entitled for a certain percentage of profit that the company earn, they are not entitled for a specific percentage of dividends. Therefore the risk is higher. They get the chance to participate in the Annual General meeting. They acquire the administrative authority as well. There are two kinds of ordinary shares.

- Voting Shares
- Non-voting shares

Although the non-voting ordinary shareholders are not entitled for voting, they enjoy all the other privilege entitled for ordinary shares.

- **Preference Shares**

The shares that are entitled for a specific dividend and priority in refunding the capital at an occasion of dissolving the company are known as preference shares. These shareholders do not gain the ownership of the company. The risk is low. They do not acquire administrative authority.

- **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 into shares benefits other than capital gains cannot be enjoyed.

- **Corporate Debentures**

These are special securities issued by a company to obtain the lone capital. Listed debentures issued by listed companies can be exchanged in the Colombo Stock Exchange. The investors of 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 risks. While the interest rate for treasury bills and treasury bonds are not, the government issues these securities at various times with various interest rates.

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

- **Direct Benefits**

- **Dividends**

The amount distributed among the shareholders from the net profits earned by a company through its business operations is known as dividends. Dividends are

declared as financial value or as shares. When the dividends are declared as financial value, they are declared as a monetary value per share. In other words, declaring a certain amount of monetary value per share.

Example : Rs.2.50 share

- Interest

The companies pay an annual interest rate to the investors that have bought corporate debentures issued by those companies. While the interest rate paid for debentures are fixed, it is declared at the time of issuing debentures.

- Capitalizing of Reserves

Here, the reserves of the company are converted into share capital. The existing ordinary shareholders receive these new shares according to a certain ratio. When capitalizing the reserves, the declared capital of the company will be increased. For this process of capitalizing of reserves, the complete permission from the Colombo Stock Exchange should be obtained.

- Right Issue

The existing ordinary shareholders of the company are offered again the shares at a particular proportion. The investors get an opportunity to obtain shares at a price which is less than the market price. Having an opportunity to obtain share at a lower price and sell them at a higher price in this manner by an investor is the benefit of a right issue.

- Capital Gain

If an investor sells the shares higher than their buying price, he receives a capital gain through that. For example if a person, who has bought a share at Re.30, sells it for Rs.50, he has obtained a profit of Rs.20 per share.

The most attractive benefit that investors, transact in the share market, receive is this capital gain.

- Indirect Benefits

- 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 collaterals when obtaining loans.
- The risk of investing in government securities is low and liquidity is high.
- Capital gains are free from tax.
- Since the shares can be sold at the time of need in the share market, they can be converted into money quickly and they consist of a higher liquidity.
- Entitled for bonus issue.

<b>Competency 15.0</b>	:	<b>Examines the ways of using financial management for the success of the business.</b>
<b>Competency Level 15.9</b>	:	Evaluates the performance of the Colombo Stock Exchange
<b>No of Periods</b>	:	04

**Learning Outcomes:**

- States the price indices used to measure the performance of the stock market.
- Explains each price index of the stock market.
- Evaluates the importance of stock market indices.

**Instructions for Lesson Planning**

- Given below are few statements adopted from newspapers published at various time periods
  - The Colombo Stock Exchange reports the highest value even in the history.
  - Will the threat of landslides in the tea estates of the hill country affect the share market?
  - The minister of finance states that the transactions of the share market have been increased compared to the last year.
  - The share market is at a higher position with the change of the government.
- Present each of the incidents in the above statements to the class.’
- Inquire from the students the reasons for that each of those incidents causing for the increase and the decrease in the transaction of the share market.
- Explain that to show these variables in mathematical way, the price indices are used.

**A guideline to Explain Subject Matters**

- While there are ample of common indices used in the world to analyze if the transactions of a share market are active? Or not?, the following indices are used in Sri Lanka to evaluate the performance of the Share Market.
  - All Share Price Index (ASPI)
  - S&P SL 20 Index
  - Total Return Index (TRI)
- The index that shows the fluctuations of prices of voting ordinary shares of all the listed companies in Colombo Stock Exchange is known as the All Share Price Index.

- While the year 1985 is regarded as the base year in preparing this price index, 100 is used as the base index value.
- ASPI is calculated as follows.

$$\text{All Share Price Index (ASPI)} = \frac{\text{Current Market Capitalization of all the listed companies}}{\text{Market Capitalization of base year}} \times 100$$

- The index that is calculated to evaluate the fluctuations of the price levels of 20 largest and highly liquidized companies in the Colombo Securities Exchange is known as the S & P SL 20 index.

According to,

- Market Capitalization
- Liquidity
- Financial Feasibility

The above 20 companies are selected.

- While 2004.13.17 is regarded as the base date of preparing this index, 1000 is regarded as the base index value.

$$\text{S \& P ri Lanka II Share Price Index} = \frac{\text{Current Market Capitalization of selected 20 companies}}{\text{Market Capitalization on the base date of selected 20 companies}} \times 100$$

- Apart from the above indices, the Total Return index is also calculated daily while this was introduced in the year 2004, through this both the changes in share prices and income from dividends are considered to calculate.
- When all share price index is calculated based on total returns that is named as All Share Total Return Index – (ASTRI) and when S & P Sri Lanka 20 price index is calculated based on total returns that is named as S & P Sri Lanka 20 Total Return Index (S&PTRI).
- 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 some knowledge about the functioning of companies.
  - Ability to compare the share market conditions with other countries.
  - Ability to get the assistance in making investment decisions.

<b>Competency 16.0</b>	:	Examines the ways of using human resources efficiently and effectively for the success of business
<b>Competency Level 16.1</b>	:	Examines the importance and functions of human resource management
<b>No of Periods</b>	:	04

**Learning Outcomes:**

- Defines human resource management
- Explains specialties of human resources in comparison to other resources.
- Explains the goals of human resource management.
- Explains the importance of human resource management.
- Lists the functions of human resource management.

**Instructions for Lesson Planning**

Inquire from the students about the various persons who assists in school administrative activities.

- Write the students' answers on the board.
- Lead a discussion in the following manner according to the facts given by the students.
- Explain the following things to the students.
  - The head of the school is the principal.
  - The head of the school has to get the assistance of various human resources to improve the efficiency and the productivity of the Teaching-Learning process to fulfill the goals of the school.
  - The way how he develops the school directing all the human resource including the academic and non-academic staff to work enthusiastically and dedicatedly.
- Explain in the same manner, that all the activities related to utilization of human resource efficiently and effectively so as to ensure the employee satisfaction and development in order to achieve the goals of an organization is known as Human Resource Management.

- Inquire from the students about the resources other than the human resource used for the school affairs.

Examples: - Buildings, desks, chairs etc....

- Using the following examples, explain that the human resources have some specialties compared with other resources.

Examples :- • Though human resource has the vitality the other resources are absent of vitality.

- Though human resource can think and react, other resources cannot do so.

- Make the students engage in the following activity by grouping them in a suitable manner.

#### **Case No: 01**

“Ransalu” is an apparel company that has been conducted successfully for 20 years. ‘this organization produce garments on the demand from foreign countries and the success of this organization is the performance of its highly dedicated employees. There are about 200 employees work here and, they are continuously provided with free transportation and lunch facilities. Further, the employees are provided with attractive salaries, the promotions are offered systematically according to their knowledge skills and attitudes.

#### **Case No.02**

“Dilpa” is a footwear production company which has a history of 22 years. This organization has not increased the salary scale of its employees for years and they do not have a systematic method of promoting its employees too. Employees come to work under minimum facilities and the employee absenteeism and turnover are frequently experienced by the firm.

The receipt of the order is also gradually being decreased due to the failing of the firm to supply production goals because of this problematic situation.

- Lead a discussion focusing on the case that you have received.
- Decide through a group discussion what the reasons for the success or the failure of the employees of the firm, that you have received.
- State the reasons for your decision quoting from the case.



- Present your suggestions for making the employees more satisfactory if they work satisfactorily.
- Present your suggestions to make them satisfactory if they work unsatisfactorily.
- Present your findings creatively to the class.

- By considering the students' findings, introduce that the main goal of the human resource management is to create and retain a team of eligible and satisfied employees and point out the importance of human resource management.
- Explain the functions of human resource management that should be carried out to fulfill the goals of the human resource management.

#### **A Guideline to Explain Subject Matters**

- All the activities related to utilization of Human Resource efficiently and effectively so as to ensure the employee satisfaction and development in order to achieve the goals of an organization is known as Human Resource Management.
- Human Resources have the following specialties in comparison to other resources.
  - Vitality of human resource
  - Ability to react and think
  - Ability to control all other resources
  - Increase in value through training
  - Ability to work in teams.
  - Behavior being complex and unable to forecast
  - Possessing creative skills.
- Some of the specific goals of Human Resource Management can be stated as follows
  - Improving the employee effectiveness.
  - Increasing the commitment of employees.
  - Employee development.
  - Motivating employees.
  - Employee welfare

- Recruiting employees for the job at the right time
- Motivation of employee.
- Retention of suitable employees in the firm.
- Improving the industrial relations
- Controlling the cost of employment (salaries, overtime payments, cost of recruitment, cost of dismissal)
- Fulfilling the social and legal responsibilities of the organization related to human resources.
- **The importance of human resource management can be identified in the following manner.**
  - Human resource can think feel understand and react as it is live compared to other resources.
  - As human resource makes decisions regarding all the other resources it is the most important and valuable resource.
  - Human resource is the vital resource that can be used to obtain long term competitive advantages and to assure the survival of the business.
  - Managing human resource is not only a task of HR manager, but also it is the collective responsibility of all other managers of the business.
  - Human Resource management is very important for the welfare of the society.
- The legal conditions in relation with employees.
- To minimize and control the labor turnover
- To motivate for leadership through employee abilities and skills
- To improve the quality of working life.
- Being easy to reach the success of the organization through employee motivation
- To get the use of employees' significant characteristics/diversity
- Modern customers reacting positively towards the organization that have good human resource management practices
- Being essential to create employee development.

### **The functions relevant to Human Resource Management**

- Job Design

- Job Analysis
- Man power planning
- Recruitment
- Section
- Hiring
- Induction
- Performance Appraisal
- Training & Development
- Employee Movements – changes
- Management of payments
- Employee welfare
- Disciplinary Management
- Health & Safety Management
- Grievances Handling
- Employer & Employee Relations.

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**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

**Competency Level 16.2** : Evaluates the necessity of job designing and job analysis

**No of Periods** : 06

**Learning Outcomes:**

- Defines the job designing
- Explains the job analysis
- Lists all information included in job description and job specification.
- Prepares a job description and a job specification for a selected job.

**Instruction for Lesson Planning**

- Write the examples for the jobs that are in a school by inquiring from the students.
- Inquire the functions relevant to each of those jobs from the students and write on the board in a suitable way.
- Conduct a discussion by inquiring the qualifications that the individuals should possess to engage in those jobs.
- Point out that there are various jobs in a school such as principal, teachers, assistant manager, lab assistant, library assistant and school watchman etc.
- Explain that there are functions relevant to those jobs as well as characteristics that should be possessed by the individuals engaged in those jobs.
- Make students engage in the following activity by grouping them in a suitable manner

Given below are three business organizations

- A private hospital
  - A private School
  - An apparel company
- Imagine that your group is expecting to start the business that you have received.
  - List the functions that your business expects to conduct
  - Suggest the posts for those listed functions
  - Gather the facts under the following headings for one post selected from that list of posts.
    - Duties and responsibilities
    - The head to whom she/he is responsible
    - Salary scale
    - Working hours
    - Equipment used
    - Details of the assistant employees
  - List the qualifications that should be possessed by the candidate to be appointed.
  - Present your findings to the class.
  - By considering the answers that have been presented by the students, explain
  - Job designing and job analysis
- Explain that the information taken from job analysis is used to prepare job description and job specification.
  - Engage students in the following activity by using the information presented by the students' group at the above activity No.01.

- Prepare a job description and a job specification using the information gathered regarding the post have selected. Use the following type of model for it.

Job Description	Job Specification
1. The title of the post : .....	1.The title of the post : .....
2. Nature of the duty : .....	2. Educational Qualifications : .....
3. Benefits, payments : .....	3. Professional Qualifications: .....
4. Nature of the job : .....	4. Experience : .....
5. Number of working hours : .....	5.Specialized skills: .....
6. To whom is he/she responsible : .....	6.Age: .....

### **A Guideline to Explain Subject Matters**

- **Job designing**  
Generating or creating of a job to achieve a certain goal is the simplest idea of this. Arrangement of tasks, duties and responsibilities assigned for a work unit of the firm in order to achieve a particular goal is known as the job designing.  
Every job comprises of tasks, duties and responsibilities.
- While a task is a work activity comprises of movements and can be identified certainly, a duty is a large part of work comprises of many tasks which is completed by an individual. Accordingly, duty is wider than a task. Responsibility is the bond over fulfilling a task in the proper way or in the expected way.

- Job Analysis

Job analysis is a systematic review of the features and related behaviors of a job and the qualities and qualifications that should be possessed by the employee.

- The information taken from the job analysis issued to prepare the job description and job specification.

- Job Description

The statement which describes the tasks, duties, responsibilities, working conditions, payments and benefits, the number of working hours, the nature of the job and to whom she/he is responsible etc. Relevant to a certain job is the job description.

- Job Specification

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.

Such qualifications can be stated as follows.

- Educational Qualification
- Professional Qualifications
- Physical Fitness
- Experience
- Specialized Skills
- Linguistic knowledge
- Attitudes and passion
- General Knowledge
- Intelligence Level

- The differences between job description and job specification.

Job Description	Job Specification
<ol style="list-style-type: none"> <li>1. Describes the job</li> <li>2. A document on the characteristics of the job.</li> <li>3. It is a list of the characteristics of a job.</li> </ol>	<ol style="list-style-type: none"> <li>1. Describes the person who is appropriate to be engaged in the job.</li> <li>2. A document on human characteristics that should be to fulfill the job successfully.</li> </ol>

<p>4. Job specification is a part of the job description.</p>	<p>3. A list of human characteristics needed for the fulfillment of the job.</p> <p>4. Job description is not included in the job specification.</p>
---------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------

Given below are examples of job description and job specification for a post of clerk.

Job Description	
Job Title	:- Payroll Clerk
Job Code	:- 225
Grade	:- II
Job Location	:- Administration Unit
Supervision Received:	- Administration Unit
Supervision Exercised:	- None
Job Purpose	:- 1. Maintain files appropriately 2. Completion of assigned duties in time
The nature of the duty:	-
	<ol style="list-style-type: none"> <li>1. Collect reports on employees' attendance</li> <li>2. Prepare payroll</li> <li>3. Prepare payroll reports</li> <li>4. Computerize prepared payroll</li> <li>5. Present for recommendation and approval</li> <li>6. Work co-operatively with his/her employers</li> <li>7. Fulfill other duties assigned by the head</li> </ol>
Salary Scale	:- Rs. 24,000/- per year (without offers)
Service Conditions	:- Working from 8.30 a.m. to 4.30 p.m.
.....	.....
Job Analyst	Date



## Job Specification

Job Title : - Payroll Clerk

Job Code : - 225

Grade : - II

Job Location : - Administration Unit

Supervision Received: - Chief Clerk

Supervision Exercised: - None

Educational Qualification: -

1. Six credit passes in G.C.E. O/L examination including Mathematics and Sinhala
2. Three Credit passes in G.C.E. A/L examination in Commerce Stream/

Professional Qualification

1. Should have obtained NVQ certificate level 3
2. Should have obtained a certificate on the basic knowledge of computer.

Experience: -

Experience in working as a clerk in a firm at least for one year.

Prepared by: -

.....

Date: - .....

Clerk of the job title

Approved by: -

.....

Date: - .....

The head of the Department

**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

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

**No of Periods** : 04

**Learning Outcomes:**

- Defines the human resources planning
- Shows the importance of human resources planning
- Examines the facts to be considered when planning human resources.
- Lists the steps of human resources planning
- Forecasts the necessity of human resource in future for a given institution.

**Instruction for lesson planning**

- Inquire from the students about the changes took place recently in the staff of school.
- Write the answers received on the board.

Examples:

- Transfers
- Retirement
- Promotions
- Forwarding to another department
- Accordingly, explain that the number of teachers in a school often changes, that the teachers should be obtained according to requirements and that more teachers will be needed with the increase in the number of students and the number of classes.
- Discuss with the students, that therefore, a planned program should be prepared by the principal in order to fill the future vacancies of teachers and in the same manner every organization has the necessity of preparing a human resource planning.
- By explaining the human resource planning, explain the importance of human resource planning.

- Lead a discussion by inquiring from the students using the school the factors to be focused on in human resources planning. Similarly, discuss the factors to be focused on by a firm in human resource planning.
- Explain, that human resource planning is a process and that it comprises of several steps.
- Make students engage in the following activity by grouping them in a suitable manner.

Following are two cases related to two production departments of two firms. Focus on the case that your group has received among them.

### **Case No. 01**

There are two departments known as “X” and “Y” in Galaxy Apparel Company. The company expects to produce 100,000 units and 120,000 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 produce 2000 units and 3000 units respectively. Two employees in X department were dismissed by the management of the firm. Another two in the X department have been selected for foreign scholarships in the coming year. The policy of this firm is to recruit 50% employees internally.

### **Case No. 02**

Aralia Company Ltd. Consists of two departments known as A and B 120 and 80 employees have engaged in work in these two departments. While the production of both of the departments imp expected to be increased by 50% in the coming year, the number of employees is also scheduled to be increased accordingly. For employees in A department are entitled to be promoted to the B department. Further two employees in each department are to retire. 50% of the employees are expected to be recruited externally.

- Lead a discussion paying attention on the case that your group has received.
- Present through a table, the forecast of the human resources requirement of the firm you have received for the coming year.
- List the factors you have considered in for casting the human resource requirement.
- How many employees should be recruited internally and externally by the firm relevant to your case? Calculate.
- Present your findings to the whole class.

- Explain the steps of the human resources planning.

### **A Guideline to Explain 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 a firm is called Human Resource Planning.
- Followings are the reasons for human resources planning to be important.
  - Ability to determine the future human resources requirements
  - Ability to minimize labor cost by identifying excess and deficiencies in a labor and taking necessary actions for them.
  - Ability to avoid unnecessary cost that may occur due to sudden recruitments.
  - Ability to utilize human resources efficiently and productively.
  - Ability to lead the other management functions of the organization in the expected manner.
  - For the development of highly competent employees.
- The steps of a process of Human Resources Planning are mentioned below.
  - Forecasting the future Human resources requirements.
  - Assessing the Human Resources supply
  - Comparing the demand and supply of Human Resources.
  - Developing the strategies to be implemented to recruit the Human Resources.
  - Preparing the Human Resources Planning.
  - Evaluating the efforts taken for Human resources planning.
- Forecasting the future Human Resource Requirement is the first step of the human resource planning process. By forecasting the future influence of the factors that affect the demand of the human resources as accurately as possible, the determining of the employee requirements of the firm for the relevant period of time is called as forecasting the human resources requirements (demand)
- Factors to be considered in forecasting the Human Resources requirements (demand) (Factors influence for the human resources demand)
- Demand for the particular goods or services
- Objectives of the firm

- Production method
- Future retirements of the employees
- Number of employees to be resigned
- Number of employees getting promotions
- Future projects
- Termination of service
- Assessing the human resources supply is the Second Step of the process of human resources planning. Having forecasted human resources requirements forecasted, the human resources supply should be assessed to fill the determined vacancies. There are two sources for human resources supply.
- **Internal Supply:** - The following factors will be considered in human resource supply within the firm
  - Example: -The nature of the labor market
  - The labor demand of competitive firms
- Comparing the demand and supply of Human Resources is the third step of the process of human resources planning. The comparison between the forecasted human resources requirements and the assessed internal human resources supply will take place in this step. Accordingly, it can be identified if there is a deficiency or an excess in human resources.
- Developing the strategies the fourth step. Having the human resources supply and the demand compared, strategies should be decided to remove the decided surplus or the deficiency of the employees.
  - Examples: -If there is a surplus in number of employees, discontinuing the recruitment, letting to retire etc.... can be done.
  - If there is an inadequacy in number of employees, getting overtimes done by the existing employees etc... can be done.
- Evaluating of the efforts taken for Human Resource Planning should be conducted to determine the contribution provided from human resources planning for the fulfillment of the goals and objectives of the firm.
- By assessing the process the success of the process can be measured through the facts such as have unpredicted job vacancies been created? Or not? , have the vacancies been increased? Decreased? How much did it cost...? etc.

**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

**Competency Level 16.4** : Studies the ways of recruitment suitable people for employment in an organization.

**No of Periods** : 05

**Learning Outcomes:**

- Defines attraction of employees.
- Explains the ways in which personnel could be attracted
- Gives examples for internal ways of attraction
- Gives examples for external ways of attraction
- List the advantages and disadvantages of internal and external ways of attraction
- Suggests the actions that can be taken for attracting employees for a selected institution.

**Instructions for Lesson Planning**

- By obtaining few job advertisements of various jobs, exhibit them to the students.
- Write on the board by inquiring from the students the reasons for advertising job advertisements in an attractive manner like this.
- To recruit more employees
- To receive more applications
- To show the attractiveness of the job
- To show the facilities provided through the job
- Lead a discussion highlighting the following facts.
- Explain that what a firm expects in preparing a job advertisement in an attractive manner is to receive more applications.
- Point out that those advertisements are exhibited inside as well as outside of the organization.
- Explain that the motive of exhibiting advertisements for attracting within the firm is to stimulate below level employees of the firm to apply for those posts.
- Explain that the advertisements are exhibited outside of the organization when external employees are expected to be recruited.

- Make students engage in the following activity by grouping them in a suitable manner
  - A firm that provides defense service
  - An apparel factory
  - A private hospital
- Focus on the firm that your group has received among the above firms.
- List the vacancies, that you would imagine, will be there in the firm you have received.
- Lead a discussion to decide the suitable way for attracting employees from internal and external ways for one of those vacancies.
- Write the list of factors you considered for your decision.
- What are the advantages and disadvantages if employees are attracted internally?
- Present your findings creatively to the class.
- Explain that a firm uses various stimulations to attract suitable candidates to fulfill the goals of a firm and in this manner, the process of stimulating individuals for making them apply for the job is the job attraction.
- Disclose that there are advantages as well as disadvantages of stimulating internal employees to be applied for the job.
- Disclose that there are various advantages as well as disadvantages of stimulating external individuals to be applied for the job.
- Discuss with the students the functions relevant to employee attraction.

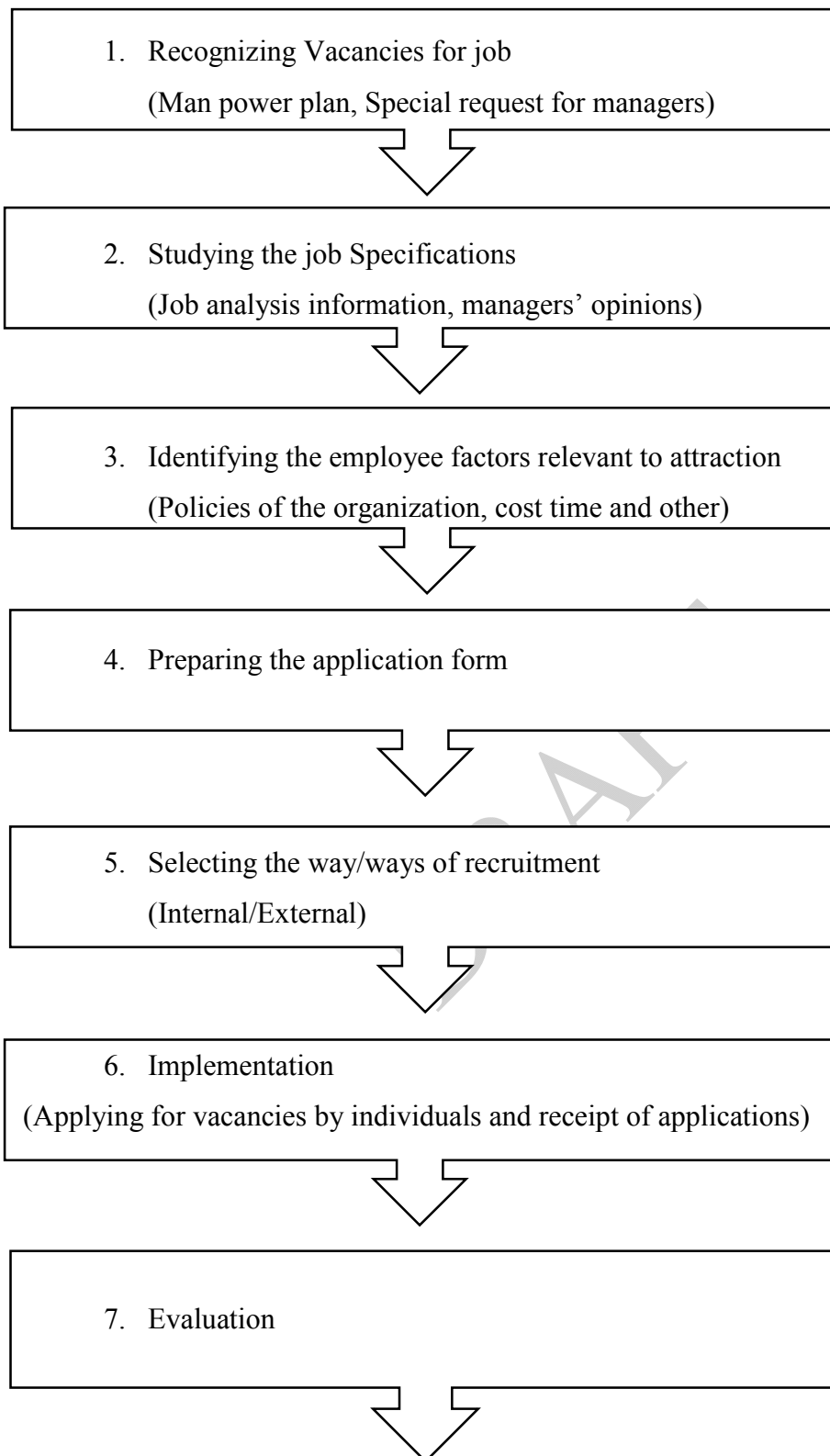
### **A Guideline to Explain Subject Matters**

- The process of attracting the job seekers with positive attitudes and capabilities supporting the achievement of organizational goals and objectives is known as recruitment.

Guleik W.F. -

- The result of the recruitment process is the generating of a list of job seekers who may be selected or not for the job as new employees.
- The functions of attraction process can be shown through the following diagram

## The Recruitment Process



- The recruitment policy is the most important factor that influences the recruitment apart from that, the cost time and labor market conditions are also will be considered.



- The sources of attraction are mainly classified as
  - Internal sources of recruitment
  - External sources of recruitment
  
- Attracting employees from the firm itself is the internal recruitment.
- Followings are some methods of internal recruitment
- Job posting
 

Notifying about the vacancies by publishing advertisements in firm newspaper, magazines and on the notice boards in the firm.
- Skills Inventory/Skills List
 

For the identification of internal employees who are capable of applying for the relevant job vacancies, the usage of skill inventory prepared at man power planning by entering the skills, abilities and qualifications of employees.
- Intranet
 

Calling for applications through publishing the advertisement about the job vacancies in internet.
- Referrals from internal employees
 

Recommending the acquainted individuals like one's associates and relations by current employees for the vacancies.
- Succession Plan
 

Formal documents are maintained in a firm with regard to the facts like the qualification, experience and seniority etc. of the employees. When a vacancy arises the next most suitable individuals will be used for it.
- The advantages of internal employee recruitment can be stated as follows
- Employees being motivated
- Creating good labor relationship
- Easy to retain the most suitable employees
- Reduction in the cost of attraction and recruitment.
- Increase in the loyalty and dedication of the employees towards the firm.
- Reduction in time spent for employee induction
  
- The disadvantages of internal employee's recruitment can be stated as follows.
  - Modern knowledge doesn't flow in to the firm.

- Chances for recruiting the most suitable individuals being less.
  - Creating an unnecessary competition among the workers.
  - Incurring a high cost for training.
  - Innovations don't inflow.
- External recruitment is the attracting applicants for the posts of a firm from outside the firm.
  - Few methods of external recruit, are as follows
    - Through media advertisements (electronic/printed)
    - Through internet/web pages for jobs
    - Through past employees
    - Through educational, professional and vocational institutions
    - Through job agencies
    - Through professional associations
    - Through job fairs
    - Through higher educational institutes.
  - The advantages that a firm gain through external employee's attraction
    - Ability to attract individuals with new knowledge
    - Ability to recruit the most suitable individuals for the post
  - Reduction in the cost for training and development since the recruitment of trained labor taking place.
  - The following disadvantages also can occur due to external employee attraction.
    - Obstructing motivation of existing employees
    - Increase in the cost of attraction
    - Consuming more time for attraction
    - It may adversely affect the employer employee relationship.

**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

**Competency Level 16.4** : Prepares the job advertisement to recruit employees

**No of Periods** : 05

**Learning Outcomes:**

- Prepares a list of details included in a job advertisement.
- Shows the media where a job advertisement is advertised.
- Prepares a job advertisement for a particular job.

**Instructions for lesson planning**

- Distribute some newspaper pages with job advertisements among the students
- Inquire from the students about the things that are included in those newspapers pages.
- Lead a discussion highlighting the following facts.
  - Various firms publish various job advertisements in various media to attract individuals.
  - Particulars about the job and the firm are contained in an advertisement published so.
- Having the students grouped in a suitable manner, make students engage in the following activity by providing each group with five newspaper pages.

- Study well the information included in the newspaper pages
- List the common facts included in the job advertisements that your group has received
- By considering those facts, prepare a job advertisement to attract for a job
- Mention some media that the advertisement your group has created can be published
- Be ready to present your creation to the class.

- Explain that job advertisements are published to attract employees for an employment.

- Explain the particulars that should be contained in a job advertisement using the facts that the students produced.
- Explain that the advertisement prepared so can be published through various media.
- Explain that to publish job advertisements, suitable media should be selected.
- By exhibiting the job advertisements that the students have prepared to the class, evaluate by pointing out the facts included in them.

### **A Guideline to Explain Subject Matters**

- The document prepared including the required particulars for attracting individual to the organization can be introduced as a job advertisement.
- Few information contained in an advertisement are mentioned below

- |                      |                                               |
|----------------------|-----------------------------------------------|
| • Title of the post  | • Professional and educational qualifications |
| • Name of the firm   | • Experience                                  |
| • Age limit          | • Salary Scale                                |
| • Service conditions |                                               |

- Some pictures and exemplary statements etc... can be included in an advertisement prepared including the above information. In order to increase the individual attraction.
- A prepared job advertisement can be published through the following various media
  - Newspapers
  - Internet
  - Television
  - Radio
  - The government gazette
  - Posters
  - Notice boards
  - Leaflets

- Among the above media, the most suitable media can be selected to publish the job advertisement.

Example: When selection should be conducted for Sri Lankans, publishing That job advertisement in a local newspaper is more appropriate.

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**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

Information	1.Candidate-Chinul	2.Candidate-Chanul	3.Candidate-Chameli
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**Competency Level 16.5** : Suggests suitable methods to select suitable applicants from the attracted applications

**No of Periods** : 05

**Learning Outcomes:**

- Defines selection
- Explains the facts to be considered when selecting employees.
- Lists the various methods of selecting
- Explains each method of selecting

**Instructions for lesson planning**

- By inquiring from the students how school prefects are selected, write the received answers on the board.  
Examples: - Applying for it, interviews, IQ tests etc...
- Lead a discussion highlighting the following points
- That the selection of school prefects directly affects the success of the school.
- That due to that fact the most suitable prefects are selected using various selection methods.
- That an organization also has to select employees.
- And that various selection methods are used there as well.
- Make the students engage in the following activity by grouping them in a suitable manner.
- Given below are the three most qualified applicants among the applicants attracted for assistant accountant post of the “Yashodara Company Ltd. Among them two of them are to be selected.

Age	28years	26 years	30 years
Educational Qualification	B.Sc. Accountancy Degree	B.Sc. Financial Management Degree	B.com (special) Degree
Professional Qualification	AAT	AAT	CIMA –II completed
IQ test marks	73/100	70/100	68/100
Interview marks	25/50	28/50	30/50
working experience	No	Yes	No
Medical test	Good	good	good

- Study the details well
- Identify through a group discussion the most suitable two candidates that your group would select.
- List the factors that your group considered in selecting those two candidates.
- Mention the methods that have been used to select those two candidates.
- Suggest the other selection methods that could have been used for selecting two suitable candidates.
- Present your findings creatively to the class.
- Explain that there are various methods which are used for selecting personnel for an organization and that various selection methods should be used according to the nature of the organization and the job.
- Make the students engage in the following activity to have them experiences on interviews practically.
- By dividing the students into two groups, provide the following instructions on the previous day of the interview to be held.
  - Imagine that your group is a famous media firm.
  - Given below are the vacancies for two posts in that firm.

A - A computer operator

B - An announcer

- Through a group discussion in the following manner plan the things required for the interview to be held tomorrow for the post you have received
  - About four students for the interview board.
  - Few students as candidates for the interview
  - Another few students for assistance (clerks, office assistants etc.)
  - Required stationary, files, certificates, identities etc. ...
- At the beginning of the due period, arrange the classroom by both of the groups in a suitable way for the interview.
- Check the readiness of the students before the beginning of the interview on that day.
- Instruct to start the interview
- Study the students' activities well during the interview.
- Assess the activity by informing the shortcomings observed through the interview.
- At the end of the interview, inquire the students' ideas in the following manner'
  - Experience that the students got
  - Are they content about the success of it
  - How could the shortcomings have been averted if there were so?

### **A Guideline to Explain Subject Matters**

- Recognizing the best applicants to fill the vacancies from those who were attracted is known as selection.
- Few methods used generally to select the most suitable person for the vacancy are stated below.
- Application Evaluation
- Interviews
- IQ Tests
- Personality Tests
- Practical Tests
- Medical Tests
- Background Tests
- Application Evaluation →



The description that the candidate sends to firm for the job vacancy by mentioning his/her qualifications and feasibility etc... is known as application. Through such application, assessing the appropriateness and accordingly selecting the most suitable person can be done. Here the selection is done according to the details provided in the application without seeing the person.

- **Interview**  
ideas → The selection method where the exchange of Face to face between the candidate and the examining board takes place meeting the most suitable candidate for the job is the interview method.
- **Intelligence Quotient Testing** → The testing held aiming to measure the intelligence capacity of the candidate for the job is meant by This. Here, the ability to face challenges will be examined.
- **Personality Test** → The testing used to measure the attitudes, passion, skills, values and norms of the candidate of the job is the personality test.
- **Practical Test** → The testing conducted for measuring the real ability of the selected individual to accomplish the certain task of the relevant job is the practical test.  
Examples :
  - Computer data processors
  - Nursing service

- Medical Test →

The testing conducted to verify if the job candidate possesses the required health condition to accomplish the tasks, duties and responsibilities of the relevant job is the medical test. The medical test is conducted for the most of the jobs.

- Background Test →

The special testing conducted to disclose the personal background of the job candidate. The family background education, profession, financial and social background etc... will be investigated here.

Examples :-

- For selecting police officers
- For the posts of top level managements, this method is used

- No matter which of these methods is used, there are few factors to be considered in selecting personnel.
  - Knowledge
  - Attitudes
  - Skills
  - Mental & Physical fitness
- These facts can be revealed through the above testing method

**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

**Competency Level 16.7** : Studies the procedure of recruitment

**No of Periods** : 05

**Learning Outcomes:**

- Explains the methods of recruiting employees
- Explains the appointment letter related with recruitment
- Explains the necessity of an appointment letter
- Lists the facts included in an appointment letter
- Explains the induction
- Describes the probationary period.

**Instructions for Lesson Planning**

- The following is a section of news published in a newspaper.

“Teaching Appointments for 350 Graduates”

The Education Minister states in the Parliament, that all the graduates, who got through in the interview held in March 2018, will be appointed as teachers and the appointment letters will be awarded at the Ministry of Education.

- Get this news presented to the class by a student.
- Point out that after conducting one of the selection methods, an appointment letter should be provided to recruit for the relevant post.
- Explain that the recruitment conducted in two bases as permanent and temporary.
- By exhibiting a specimen of an appointment letter, explain the facts included in it.
- Make students engage in the following activity by grouping them in a suitable manner.

**Given below are some various posts**

- Accountant Clerk
- Accountant
- Computer programmer
- Sub Inspector
- Among the above posts, create a specimen of an appointment letter for the post that your group has received.
- Present your findings to the whole class.
- Explain that a newly appointed employee should be provided with an awareness on the whole organization and that is called induction.
- Explain that the period of service that should be completed by a newly appointed employee prior to be confirmed in the job is the probationary period and that the employee should conduct the tasks in the proper manner during this period.
- Explain the probationary period.

**A Guideline to Explain Subject Matters**

- The process of appointing the most eligible individuals to the job posts after selection is known as recruitment.
- The bases in which employees can be appointed are given below
  - Permanent base
  - Temporary base
- The recruitment of employees permanently for a job of a firm is the recruitment of employees on permanent base. The employee who has been recruited like this is be a considered one in the permanent staff and engages in the main functions of an organization. He is entitled for all the privileges of an employee. The probationary period is mentioned in the appointment letter as well.

- Recruiting employees without permanent base is the recruitment of employees on temporary base. While these employees also can engage in the main functions of the firm, in their appointment letter the temporary base is mentioned.
- Preparing the letter of appointment is necessary in process of recruitment. Since the terms and conditions of each post is different, separately prepared formats of appointment letters are used.
- The legal document issued by the management after the employee is being appointed stating the terms, conditions, tasks, duties and responsibilities of the job in detail is known as the letter of appointment.
- The letter of appointment is considered as a written proof that the job contract is formed.
- Since the letter of appointment is a legal document it is important for the employee as well as the employer.
- The importance/necessity of the letter of appointment can be stated as follows.
  - Being a document that could prove the relationship between the firm and the employee.
  - It could be considered as a contract in which the firm and the employee is bound legally.
  - Ability to present this as an evidence in front of the law at a problematic situation created between the two parties regarding job conditions.
  - The employee being able to get a wide acknowledgment regarding the tasks, duties and responsibilities of his job.
  - Being a strong evidence that could be used at every time required to prove that this employee is an employee of the firm.
- In the case of some positions, a job contract also should be signed in addition to the letter of appointment.
- Some of the important facts consist in an appointment letter are stated below.
  1. Title of the position
  2. Name of the employer and the employee
  3. Effective date of appointment
  4. Job conditions
  5. Salary Scale

6. Probationary period
7. Number of working hours/days
8. Benefits
9. Disciplinary procedure
10. Rights and privileges of the employee (leaves, EPF, ETF)
11. Termination of the service
12. Way to forward grievances
13. Confirmation and promotions
14. Signature of the employer and employee

- Introducing a newly recruited employee to the organization and make him/her aware about the job, work team, work environment and the entire organization is known as induction.
- Various techniques such as employee brochures, leaflets, getting seniors for speaking with newly recruited 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 recruited employee prior to be made him/her permanent in the job is the probationary period.
- The management can take the 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 written form
- Extending the probationary period
- Transferring to another department

**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

**Competency Level 16.7** : Suggest the procedures can be taken to develop and retain human resource of the organization.

**No of Periods** : 05

**Learning Outcomes:**

- Explains the performance appraisal
- Lists the differences of training and development
- Describes methods of training and development separately.
- Lists the benefits of training and development to the employee and employer separately.
- Describes the employee movement.

**Instructions for lesson planning**

- Get the following narration presented to the class by a student who voluntarily participates.

Following is a part of a speech delivered by the principal of Matsuyama Maha Vidyalaya at the morning assembly.

“Students who are eligible for prefects in our school have been selected by now. Sir Siriwardena from staff board is the teacher in charge for prefects. Since the duties that should be carried out by the selected prefect have been assigned, you have to accomplish them well. At the end of a three month period, prefect badges awarding

ceremony will be held. During this three month period of time it is expected to select the head prefect through evaluating your duties. A leadership training program has been planned to be held for you in the next term as well”.

- Lead a discussion with the students by highlighting the following facts included in the above speech.
- Explain, that the duties assigned to prefects are recorded daily by monitoring if the duties are carried out in the proper way.
- That according to the record each prefect’s performance can be measured.
- That the prefect with the highest performance will be selected as the head prefect.
- And that the training programs are planned to improve the performance of the prefects.
- Explain that in the similar manner the performance appraisal is carried out in organizations as well and that the process of supervising and reporting if the tasks assigned to employees by employers are accomplished in the proper way is called performance appraisal.
- Make students engage in the following activity by grouping them in a suitable manner.

### **Activity 02**

- Provide the students’ groups with the case “Jayathilaka”’s journey to success”, which is included in the appendix 16.8.1
- Read the case well
- Focus on the heading that your group has received among the following headings
  - Training
  - Development
- State the methods that have been used for training in the above case which are relevant to the heading you have received.
- State the methods that have been used for development in the above case which are relevant to the heading you have received.
- Mention the benefits separately that are gained by the following parties relevant to the heading you have received
  - To the employees
  - To the employers



- Write the instance included in this case where the changes of employees' posts, working places took place.

### **Appendix 16.8.1**

“Jayathilaka's Journey to Success.”

Mr. Jayathilaka Jayaweera who lives in Ihalagama region had been a bright student in the village school. He got through from an interview and joined to a production firm called “Modern Finished Apparels” for the post of a clerk.

He engaged in the duties of the clerk post after a two-week training which was conducted after the recruitment while on the duty, the training relevant to the post was conducted by the senior clerk. During this time he got the opportunity also to take part in the employee training programs conducted by external institutions.

While the development programs on employee knowledge, skills and attitudes have been implemented in this institute Mr. Jayathilaka got the opportunity to participate in it. After one year service period, he was appointed as a senior clerk of another department following a performance appraisal conducted by the head of his department.

After 5 years, Mr. Jayathilaka became the human resources manager of the same department. Mr. Jayathilaka and another three managers got the opportunity to follow a course in National Management Institute for six months. On the successful completion of the course he was able to obtain a scholarship for higher studies and emigrated there.

#### **A Guideline to Explain Subject Matters**

- 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 employer through performance appraisal are mentioned below.
  - To recognize the training needs

- To make decisions on promotion and transfers
- To take disciplinary actions.
- Several benefits gained by the employee through the performance appraisal are mentioned below.
  - Enhancing the employee productivity
  - Increasing the employee motivation
  - Recognizing the training needs
- The provision of knowledge, skills and attitudes to non-managerial employees which is required to perform their duties well is known as “training”.
- The set of actions taken by concerning the improvement of the future performance of the employees than the performance level at present is known as “development”
- There are some differences between training and development

Training	Development
<ul style="list-style-type: none"> <li>• Provision of job related knowledge, skills and attitudes to the employees in non-management level.</li> <li>• Preparing the employee to perform the duties and responsibilities of the current job by this.</li> <li>• Relatively a short term program</li> <li>• The cost incurred is relatively low.</li> <li>• Somewhat a simple program</li> <li>• Somewhat as simple program</li> <li>• This is related to the current job</li> <li>• A process of reacting for the fulfillment of timely needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of knowledge, skills and attitudes to the employees in management level.</li> <li>• A process of pre acting for the fulfillment of prospective job requirements.</li> <li>• Relatively a continuous long term program.</li> <li>• The cost incurred is relatively high.</li> <li>• A very wide program.</li> <li>• This is related to make future changes.</li> <li>• A process of pre acting for the</li> </ul>

	fulfillment of prospective needs.
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- Some benefits gained by the employer through training and development are mentioned below.
- Improvement in employee performance and updating their knowledge and skills.
  - Improvement in the quality of the output.
  - Creating an employee motivation
  - Enhancing employee loyalty.
  - Lowering the faults and wastage incurred by employees.
  - Minimizing employee absenteeism
  - Minimizing employee turnover.
- Several benefits gained by the employee through training and development are mentioned below.
  - Enhancement of the job satisfaction
  - Improvement in employee performance
  - More chances of getting promotions
  - Improvement in the professional value of the employee
  - More opportunities to test new skills
  - Ability to gain extra benefits
- Various methods used for training and development of the employees and some of them are stated below.
  - Apprenticeship training
  - On the job training
  - Job rotation
  - Role play
  - Training and development programs
  - Simulation
- Changes in the position of the employees are known as employee movements. Several methods that can be used to move employees are mentioned below.
  - Promotions
  - Transfers

- Dismissal
- Termination
- Promotion means an employee of an organization being appointed to a higher position than the previous one. The promotion is generally a movement to another position which consists of more duties and responsibilities than the previous position.
- Replacing an employee for the same job can be called as transfer. Transfer is a movement that takes place in horizontal direction.
- Discontinuing the service of an employee due to factors or a fact which cannot be controlled by the management of the organization is the dismissal.
- Moving out of the service when the age of the employee is completed is the termination of the service.

**Competency 16.0** : Examines the ways of using human resources efficiently for the success of business

**Competency Level 16.7** : Examines the evaluation criteria of the success of human resource management

**No of Periods** : 05

**Learning Outcomes:**

- Lists the evaluation criteria of human resource management functions
- Explains each criterion briefly
- Defines industrial relations
- Lists the benefits of good industrial relations.
- Explains the consequences of poor industrial relations.

**Instructions for Lesson Planning**

- Inquire from the students about the various criteria that can be used to evaluate the learning-teaching process of the schools.
- By inquiring the information such as the national level exam results of the school like scholarship, ordinary level, advanced level, the sports and extra-curricular activities achievements, lead a discussion highlighting the following points

- Mention that just like a school uses the above stated evaluation criteria to evaluate the learning teaching process of the school, a business can use the following criteria to evaluate the human resources function as well.
  - Labor turnover
  - Employee absenteeism/ the amount of service lost from an employee
  - Labor productivity
  - Industrial relations.
- By explaining the above criteria, explain that the criteria such as the labor cost and the labor productivity can be calculated numerically.
- Make the students engage in the following activity by grouping them in a suitable manner.

#### **Case No. 01- Niranjana Apparel Institute**

While about 2000 employees work in this institute, the employees who had left the institute is only about 10. Also while employee report to the work every day, they engage in the duty eagerly. The top management states that this institute can gain more output because of that. The human resource manager takes steps to build a suitable environment for employees engaged in various tasks to carry out their duties enthusiastically and satisfactorily.

#### **Case No. 02- Sudharaka Apparel Institute**

While about 2000 employee work in this institute, about 500 employees had been left because of various reasons last year. While the attendance of these employees are very low, there is no good environment to engage in the duty during that time period. The management states that the production has been reduced because of that. The manager takes no steps to provide common facilities or to conduct various tasks relevant to the job to employees of various department of their organization.

- Focus on the case that you have received.
- List the facts that have caused for the successfulness or the unsuccessfulness of the human resource management relevant to that case.
- Group under the following criteria that facts that you have listed.

- Labor turnover
- Employee absenteeism
- Labor productivity
- Industrial relations
- Present your ideas on the successfulness and the unsuccessfulness of the human resources function of the institute that you have received.
- What are the ideas that you can present to develop the human resources function much more if it is successful and to make it success if it is unsuccessful.
- A guideline to explain subject matters
- The performance of the human resources should be appraised for the success of the human resource management. Few criteria for performance appraisal are as follows.
  - Layout turnover
  - Employee absenteeism
  - Labor productivity
  - Industrial relations
- Labor turnover
 

The rate at which employees leave the firm during a particular period is known as labor turnover/employee turnover. The labor turnover being a low rate is appropriate for the successfulness of the human resources management. Labor turnover can be calculated as follows.

**Labour Turnov**

$$= \frac{\text{No. of employees left during a period}}{\text{Average no. of employees employed during that period}} \times 100$$

- Labor Absenteeism
 

The lost in service due to employees not attending to the job is known as labor absenteeism

Some instances where the firm doesn't get the service are

  - Not attending to duty
  - No provision of service after reporting to the duty.
  - Having more time for internal
  - Arriving latte

- Depicting before the due time
- Labor Productivity

The relationship between the employee inputs and the outputs is known as labor productivity. It is better to have a high value of labor productivity for the successfulness of the human resource management. Labor productivity can be calculated as follows.

$$\text{Labour productivity} = \frac{\text{Output}}{\text{The number of employees}}$$

- Industrial Relations
 

Any type of professional relationship between the employer –employee is known as industrial relations. There should be a proper relationship between the employers and employees in the firm for the successfulness of the human resource management. It assists the employees to continue their duties enthusiastically and satisfactorily. Accordingly, there are various benefits from favorable industrial relations and there will be various problems through unfavorable industrial relations.
- The benefits of favorable industrial relations are as follows
  - Improvement in labor productivity
  - Minimizing the waste of the resources
  - Lowering the employee absenteeism
  - Lowering the employee turnover
  - Creating a team of motivated employees
  - Minimizing the employee disputes.
- The adverse effect from an unfavorable industrial relations are mentioned below.
  - Interruption to production process (strikes, industrial disputes)
  - Declining the employee productivity
  - Demoralizing of employees
  - Waste in resources

- Lower the efficiency and the effectiveness of the total firm.

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

**Competency Level 16.8** : Examines Employee grievances

**Number of Periods** : 03

**Learning Outcomes** :

- Defines employee grievances.
- Gives examples for the reasons of employee grievances.
- Lists the benefits that can be received by a business by handling employee grievances.
- Identifies the negative consequences of inability of a business to handle employee grievances.
- Lists the methods of identifying employee grievances.
- Names the methods/strategies for handling employee grievances.
- Lists out the steps to handle employee grievances.

**Instructions for lesson planning:**

- Inquire students about a disappointing or painful incidents that they experienced and display it on the display board.
- Discuss these incidents with the students and show them that there are unsaid painful situations (grievances) also.
- Explain the students that there are grievances in a business organization occurred in relevant to the job or the working environment same as in home and the school.
- Explain the students that the grievances of work place affect the effectiveness of the institute and it is very important to manage these grievances at the early stages.



Emphasise the students that the inability of handling the grievance of one person becomes a grievance of many and later it may develop into an industrial dispute.

- Explain students that there are many methods that can be used to identify the employee grievances and there are many methods to handle or manage them. Explain these methods briefly.
- Explain the steps of handling employee grievances.

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

- Employee grievances are the mental discontent or dissatisfaction of an employee or a group of employees regarding the job or working environment.
- It can be either expressed or unexpressed (Said or unsaid). Grievances directly affect the employee performance. These hinder the achievement of organizational goals. Employee grievances are the early stage of industrial disputes. Therefore, the necessary steps should be taken to handle/manage the employee grievances at the early stages.
- **Reasons for the employee grievances**
  - Following are some of the job related reasons.
    - Assignment of the tasks and duties to the employee which are not related to his Job Description.
    - Employing him of a job that mismatches his knowledge and skills.
  - Reasons related to work condition
    - Changing the work place or working hours.
    - Having unhealthy or unsafe work environment at the workplace
  - Reasons related to Human Resource Management Policies, procedures and strategies.
    - Salary, wages and incentives
    - Provision of the promotion to someone else which had been entitled to a qualified employee. Policies and procedures related to promotions, demotions, transfers, termination from the job, etc...
    - Unavailability of a formal promotion procedure.
  - Reasons related to violation of rules and regulations of the organization
    - Taking tough or unreasonable disciplinary actions against violation of disciplines.
    - Breach of the conditions in collective agreements by the management
  - Reasons relating to unnecessary personal behavior
    - Unattainable expectations or having nonrealistic goals.
    - Wrong attitudes regarding senior officers
    - Employee over estimation regarding himself.
  - Reasons beyond the job or work environment.
    - Reasons relating to family.
    - Reasons relating to other. competitive businesses.
- Following are some of the benefits received by a business through handling employee grievances successfully.

- Decreasing of employee turnover
  - Controlling of employee absenteeism
  - Minimizing of Trade Union actions.
  - Having industrial harmony by strengthening industrial relations.
  - Increasing the goodwill of the business.
- Following are some negative effects faced by a business for not handling employee grievances properly.
  - Increasing labor/employee turnover.
  - Increasing the absenteeism of the employees.
  - Industrial disputes due to weak industrial relations.
  - Decreasing of employee productivity.
  - High cost of hiring employees frequently to cover the job vacancies.
- Following are some methods to identify the employee grievances.
  - Exit interviews.
  - Suggestion Box.
  - Attitude Survey.
- Following are some of the Strategies/Methods that can be used to handle/manage employee grievances.
  - Formal grievance handling procedure.
  - Through the immediate supervisor
  - Having an Open-Door Policy
  - Joint Committee Method
  - Counselling
  - Appointing an Ombudsman
  - Arbitration
- Following are the steps of handling employee grievances.
  - Listening about the grievance carefully.
  - Collecting the accurate information of the grievance and the related employee.
  - Discussing the relevant matters with the employee.
  - Listening to the employee carefully
  - Accepting the matters said by employee if they are true.
  - Build trust in the employee.

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

**Competency Level 16.9** : Examines the importance of Discipline Management

**Number of Periods** : 03

**Learning Outcomes** :

- Defines Discipline Management.
- Explains the importance of discipline management.
- Lists the anti-disciplinary actions or misconducts.
- Inquires the procedures that can be taken by a business to avoid misconducts.

**Instructions to lesson planning:**

Discuss with the students to bring up following matters.

- The way you should behave at home as a child
  - The way you should behave in a bus as a passenger
  - The way you should behave in the school as a student
- 
- Show them that the parents at home, passengers in the bus, principal and teachers at the school instruct you how to behave in the said places. Explain them that it is the expectation of those people.
  - Hence aware students that the discipline means the expected behavior.
  - Give them reasons to show that the behavior of employees is decided by the employer and that is their expectation.

- Show them that a formal organization gives a high consideration regarding the discipline of its employees and they introduce a suitable disciplinary procedure.
- Explain students that the procedure of developing and maintaining a suitable disciplinary procedure and maintaining it continuously is called as disciplinary management.
- Discuss with the students using examples that the employees in a business act against the disciplines and that is called as non-disciplinary actions or misconducts.
- Discuss with the students that the misconducts negatively affect the existence and growth of the business and therefore inquire disciplinary actions to minimize misconducts. (Here pay your attention to use the hot pan theory to expand subject matters)
- Discuss the ideas of students regarding the importance of discipline management and point out the correct matters.

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

- The standard or employers' expected behavior from the employee to carry on a business organization formally and legally can be called as discipline. Or else the good behavior of the employee is called discipline.
- Disciplinary management means the development, operating and maintenance of a disciplinary procedure is called as discipline management.
- Following are some of anti-disciplinary actions or misconducts that can be frequently happen in a business organization.
  - Willful damages to the organizational resources.
  - Not reporting to the work without prior permission.
  - Late attendance to the work.
  - Leaving the work place without prior permission.
  - Showing a fraudulent illness.
  - Sleeping at work
  - Negligence and less attention towards the job
  - Disturbing the safety and health measures of the business.
  - Taking liquor at the work place.
  - Bribery and corruption.
  - Insulting or threatening the employer or the colleges.
- Following are some of the Disciplinary Actions.
  - Verbal warning.
  - Written warning.
  - Fines or recharging the loss.
  - Suspension from the job temporary.
  - Transferring from the job as a disciplinary action.
  - Holding of salary increment or making it delaying.
  - Demotion from the post.
  - Termination from the job.
- The importance of Discipline Management can be shown as follows.
  - Minimizing the disputes among colleagues

- Decreasing conflicts in between employer and employees
- Ability to manage the human resource of the business properly with maximum efficiency and effectiveness.
- To maintain employee behavior in accordance with the rules and regulations of the organization
- To create expected employee performance and to maintain it continuously.

**Competency 16.0** : Investigates the way of using human resources efficiently

to achieve business goals effectively.

**Competency Level 16.10** :Values the employee health and safety

**Number of Periods** : 03

**Learning Outcomes** :

- Defines employee health and safety
- Shows the importance of employee health and safety
- Lists the disadvantages of weak management of the employee health and safety to the employer.
- Shows the benefits of health and safety management to the employer.

### **Instructions for lesson planning**

- Inquires students about following questions
  - How important your health for you to study well at the classroom.
  - Is your classroom safe for you?
- Shows the students that mental and physical health is very important for an employee to perform his duties and tasks properly.
- Explain students that employees face accidents at the workplace and they have to protect from them.
- Emphasis students that the employees need the contribution of HR manager to protect from these hazards in the same way your health' safety and classroom environment supports you to study successfully.

- Discuss about the various hazardous and factors affecting the employee's health and safety. E.g.: Job related accidents, job related diseases, Stress, etc.
- Give reasons to the students regarding the importance of employee health and safety.
- Form two groups of students and assign one group to present their ideas on the benefits of good health and safety management. Assign other group to present their ideas on the disadvantages of weak health and safety management to the employer of a business organization.
- Observe and guide your students while giving your feedback to them.

### **A guideline to expand subject matters**

- The perfect mental and physical fitness of the employee to perform the tasks, duties and responsibilities of his job is called as health.
- Protecting the employees from all the hazards causing the health of the employee is called safety.
- Following are some factors and hazards affecting employee health and safety.
  - Job related accidents (Deafness, Weak eyesight, loss of the parts of the body, burnings, Electric shocks.etc.)
  - Job related diseases (Cancer, Breathing problems, Poisoning, etc.)
  - Organisational stress
- The importance of employee health and safety can be identified in the following way.
  - Ability to irradicate or minimize vocational health and safety related issues.
  - Ability to get rid of the legal compliences relating to employee health and safety.
  - A healthy workforce contributes to increase the efficiency of the organisation.
  - Increasing the image of the business.
- Following are the disadvantages of weak health and safety management, to the employer.
  - Increasing the premium of health insurance scheme of the employees due to frequent payment of compansation by the insurance companies.
  - Increasing of compensation payments.
  - Increasing charges for legal requiremants.
  - Dissatisfaction and unrest of the employees increases.
  - Decreasing employee productivity.
  - Decreasing quality of the employees.
  - The damages to the tools icreases.
  - Incresing the expences of medical charges.
  - Damaging the goodwill of the business.
  - Increasing the employee absenteesm and turnover.
- Following are some benefits of health and safety management to the organisation.

- Increasing the moral of employees.
- Minimizing the cost of expences relating to the legal requirements.
- Minimizing employee turnover.
- Increasing the productivity of the business.
- Developing a strong industrial relation.
- Organisations who purchase from other organisations give priority to those which engage in health and safety management.

<b>Competency 16.0</b>	: Investigates the way of using human resources efficiently to achieve business goals effectively.
<b>Competency Level 16.11</b>	:Investigates the Industrial Relations
<b>Number of Periods</b>	: 06

**Learning Outcomes:**

- Lists out the benefits of good labor relations
- Examines the consequences of bad labor relations
- Lists out the rights, duties and responsibilities of employers and employees
- Introduces Industrial disputes and gives reasons to such disputes.
- Shows the effects of industrial disputes to the employer, employee and the consumers separately.
- Introduces Trade Unions and lists the objectives and functions of it.
- Introduces Trade Unions of employers and employees
- Introduces Trade union actions and describes the trade union actions
- Explains the actions that can be taken by an employer avoid trade union actions,
- Identifies a collective agreement and shows the benefits of it to the employee and employer separately.

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

- Conduct a discussion emphasizing that the relationship in between employer and employee is important same as the relationship in between parents and children,
- The professional relationship in between the employee and employer is discussed here. Explain students the benefits that can be gained by a business through good industrial relation while explaining what an industrial relation is.

- Inquire students how weak industrial relation become disadvantageous to a business and write them on the display board. Then evaluate them one by one.
- Show the students the contractual relation in between employee and employer and ask students to identify them separately.
- Discuss the employee rights with the students. Include the origin of the International Workers Day., history of it and the present situation of it.
- Present some matters that can be included as employee rights.
- Explain that the employees should essentially fulfill their duties and responsibilities in order to enjoy employee rights.
- Show that the employer also has rights, duties and responsibilities.
- Introduce that an industrial dispute is arisen in between employer and employee due to a work related issue.
- Explain the reasons for an industrial dispute
- Discuss with the students that the industrial dispute is harmful for an employer, employee and the customers too
- Show the students that the both employers and employees organize themselves to win their professional rights and to protect them. These organizations are called Trade unions.
- Explain the objectives and functions of trade unions and add the ideas of students too.
- Conduct a discussion with students exploring them that there are various actions taken by trade unions to solve the work related problems/industrial disputes.
- Make students aware that the employers also can take actions against the trade union activities.
- Show the students that a discussion between employee and employer is needed to come to an agreement regarding an industrial dispute and such a negotiation is called as a collective bargaining.
- Explain students that the result of collective bargaining is a collective agreement and the objectives to be achieved through such an agreement.

### **Guidelines to Explain Subject Matters**

#### Employer-Employee relationship/Industrial Relationship

- Any type of professional relations between the two parties of employees and employers (good or bad) are known as industrial (labor) relations.

There should be a strong employer and employee relation for the successful management of the human resource in any organization. It is very helpful for the employees to perform their job satisfactorily. Thus a good industrial relation gives many benefits while weak industrial relation causes many problems.

- Employee  
Any person who has come to an agreement to work under an employer in receiving some salary or wage any base or a contract is called an employee
- Employer  
The person who engages some person or a group of persons on some salary or wage is called employer,
- Advantageous/uses of a good labor relation
  - Minimizing resource wastage
  - Increasing labor productivity



- Minimizing employee turnover
- Minimizing employee absenteeism
- Having a motivated workforce
- Minimizing industrial disputes
- Consequences of bad labor relations are mentioned below
  - Weakens the business process due to strikes, and labor 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
- Using organizational resources carefully

Following are some duties of employees

- Performing employee duties properly
- Working eagerly towards the development of the business
- Not revealing business secrets to outsiders
- Protecting the goodwill of the business and developing it.
- 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
  - Right of terminating employees when there is excess of employees or when the employees are not suitable for the business.
  - Organizing as trade unions to protect themselves from the threatening situations of the industry.

Few responsibilities of employers are stated as follows

Paying agreed salary

- Maintenance of a strong disciplinary procedure
- Maintenance of reasonable salary scales and a pleasant work environment
- Paying the salary on the given date or prior to that.

Following are few duties of employers

- Fulfilling employee responsibilities properly
- Assuring job security
- Creating a suitable work environment
  - Listening to the employees' reasonable requests and solving them.

### **Industrial disputes**

Job-related disputes arisen between employers and employees are known as industrial disputes

Following are some reasons for the industrial disputes

- Providing the job or not
- Service conditions
- Positions of the job

Following are some effects faced by the employer due to industrial dispute

- Inability to carry on business activities continuously
- Damaging the goodwill of the business
- Disturbing the industrial harmony
- Losing the market share
- Inability to compete with the competitors
- Financial losses and damages to the resources of the organization.

Following are some negative consequences of the industrial disputes to the employee.

- Not receiving salary on time.
- Decreasing the living standard.
- The good relationship with the employer damages due to the breach of industrial harmony.
- Disturbing the future promotions, training, scholarships, etc.

Following are the negative consequences of industrial disputes to the customers.

- Increasing the price of the relevant product,
- Having a scarcity of that product in the market
- Inability to consume that product.
- Consumer has to consume low quality products.

### **Trade Union**

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

However, in Sri Lanka, Employees' Trade Union activities are concerned.

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
- Getting 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
  - Working dressed with a black strips.
  - Abstain from working over time
  - Sit-ins
  - Boycott
  - Sabotage
  - Picketing
  - Fasting
  - Taking leaves collectively
  - Token Strike
  - Continuous strikes
- The negotiating process between the management and the trade union in order to achieve the aims of employees is called collective bargaining.
- Following every single rule and regulation and doing a small quantity of work is known as work-to-rule. It is about performing the authorized duties only that have been assigned legally. This slows down work and adds costs to the firm. Here the employees do not attend the needed tasks of the firm excepting what he has been legally assigned.
- Go – slow occurs when workers deliberately work slowly. Even though the job is performed accurately, it takes a longer time. This results in slowing down of the business activities. The cost and the inefficiency of the business increases.
- Working with a black strip tied in the hand or head is another method of showing the protest.
- Abstain from working overtime means workers refusing to work more than their normal working hours.
- Sit-ins means employees do not allow to close the business premises and also they do not perform duties. Even though the employees are in the business premises they do not engage in any business activity.

- Boycott means stoppage of work of both employees and machines to stop the business operational process.
- Sabotage means locking up of the machineries by the employees or removing a small part of the machines to avoid its functioning.
- Picketing is a protesting of the employees showing banners, posters, notices in free times like lunch break. Picketing is used to give some hint to the employer regarding a strike.
- A fast happens when the employees protest in the public areas to win their demand without consuming any food or drink.
- 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.

Following are the negative consequences of a strike to the employee

- Breaking down of the production process
- Decreasing the sales/ inability to supply the orders on time.
- Damaging the goodwill of the business.
- Weak cash flowing into the business and facing liquidity problems
- Decreasing the number of customers and also customers shift to the competitors.
- Losing the suppliers
- Decreasing the profit
- Decreasing of profitability due to employee unrest.
- Weak Industrial relation
- Increasing labor turnover.
- Losses due to the stoppage of machineries.
- Being degrade in the professional field.
- Decreasing the employee earnings or not receiving salary or other incentives
- Sometimes the employee has to face disciplinary actions.

Following are some of the negative consequences of strikes to the economy

- Increasing social problems
- It disturbs the of civil life of public
- The scarcity of products in the market.
- Increasing the prices of products
- Decreasing the quality of products

Following are some actions that can be taken by the employers to avoid Industrial Actions.

- Lockout
- Vacated of Post-VOP
- Strike Replacement
- Mutual Aid Pact
- Shift of Production

Employers can close the work place, temporary stop of work of employees, terminate some employees from the job, in order to obey them to the ideas of him. This is called as Lock out.

- The employer does not allow employees who engaged in strike, to come to work and he considers that they have already left the job. This is called vacated of post.
- Strike replacement means the duties of the employees in the strike are covered using the employees who are not representing the trade union.
- Mutual aid pact means obtaining the financial aid from the other organizations who engage in the same industry to cover the lost income in the strike period.
- Shift of production means the shifting of production activities to the other branches which are not in strike or branches in any other country.

### Collective Agreement

- The agreed settlement between employers and employees in connection with a particular dispute is known as the collective agreement.  
This is an agreement which has been prepared to avoid Industrial Disputes and to safeguard the privileges, rights and responsibilities of employees and employers. This is a result of collective bargaining and once the agreement is published in the government gazette with the approval of Commissioner of Labor it becomes a legal document. Normally this agreement is valid for a period of 3 years.
- Aims of a collective agreement
  - Safeguarding the privileges, rights and responsibilities of the employees and employers
  - Creating industrial harmony by preventing industrial disputes.
  - Obtaining more benefits than the ones which have been provided by industrial acts and ordinances.
- Benefits of a collective agreement to the employer
  - Ability to solve industrial disputes easily.
  - The survival of the business is ensured.
  - Ability to understand the self-responsibility.
  - Ability to manage the business without any difficulty.
  - As industrial issues are solved in common there is no need of individual concern over the employees.
  - Ability to create a loyal and satisfied group of employees.
- Benefits of a collective agreement to the employee
  - Ensuring that the agreed privileges and benefits will be received.
  - Protecting employee rights
  - Ability to receive better benefits than the ones entitled by the industrial acts and ordinances.
  - Ability to clearly understand the self -responsibility and rights.
  - Ensuring the employees' safet

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

**Competency Level 16.12:** Investigates the criteria of evaluating the efficiency of Human Resource Management

**Number of Periods:**03

**Learning Outcomes:**

- Lists the criteria on evaluating Human Resource Management.
- Explains each criterion

**Instructions for Lesson Planning**

- Inquires students about the various criteria on evaluating the process of Teaching Learning in the school.
- Conduct a discussion inquiring the students about the results of the school from scholarship examination, GCE A/L examination, GCE O/L examination and the victories from other national level examinations and sports events.

- Explain that a business can use following criteria on evaluating its performance in the same way a school uses above criteria on evaluating the Teaching-Learning process.
  - Labor Turnover
  - Absenteeism
  - Productivity
  - Employer- Employee Relationship

Explain the above criteria and state further that the criteria like employee turnover and employee productivity can be calculated numerically.

Group the students in a suitable way and engage them in following activity.

**Case No 01: Niranjana Apparels**

There are 2000 employees in Niranjana Apparels and only 10 employees have resigned from the jobs in the last year. The employees come to work every day and perform the duties eagerly. Top management states that the organization can produce a high volume of output. The Human Resource manager has built up a suitable work environment to the employees in order to facilitate them to work eagerly and satisfactorily.

**Case No 2: Sudharaka Apparels**

There are 1900 employees in Sudharaka Apparels and about 500 employees have resigned from their jobs last year. The attendance of the employees is low and the performance of them in the working hours is also weak. The management of the business mentions that the volume of output is at a lower level. The managers have not provided a suitable working environment or facilities for their employees to perform their duties.

- Pay your attention towards the case you have been given.
- Lists the reasons that have been affected for the success or the failure of that case.
- Classify those reasons under the following criteria.
  - Labor turnover.
  - Absenteeism.
  - Labor productivity.
  - Industrial Relations.
- Present your ideas on the success or failure of the human resource management of the business that you have been given.
- What are your suggestions to make the HR Management more successful if it is a successful business and to make it successful if the business is unsuccessful?
- Present your finding to the class.

**A Guideline to Expand the Subject Matters**

- Following are some criteria that can be used to evaluate the success of Human Resource Management.
  - Labor Turnover
  - Employee Absenteeism
  - Labor Productivity
  - Industrial Relations
- Show the students that following criteria also used to evaluate the success of Human Resource Management in addition to the above methods.
  - Human Resource Accounting

- The HR Scorecard Method

- Labor Turnover: The rate at which employees leave the firm during a particular period is known as labor turnover/employee turnover.
- Labor turn over can be computed as follows.

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

Employees getting absent from work or being present without performing their duties can be known as employee absenteeism.

Following situations can be considered as absenteeism.

- Nonattendance at work
- Being present but not performing the duty.
- Taking more time as the interval.
- Late attendance to the work.
- Leaving the work place earlier.

Absenteeism can be calculated as follows

$$\text{Employee absenteeism} = \frac{\text{No: of work days lost to absenteeism}}{\text{Total No: of available work days}} \times 100$$

- Labor productivity  
Labor productivity is the relationship between the employee inputs and the outputs. A higher level of employee productivity is important for the success of Human Resource Management.
- Labor productivity can be computed as follows

$$\text{Labor Productivity} = \frac{\text{Output}}{\text{Labor Input}}$$



**Competency 17.0** : **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.1** : Classifies information examining the data processing

**No of Periods** : 05

**Learning Outcomes:**

- Defines data and information.
- Explains the difference between data and information.
- Explains about the data processing process.
- Shows the characteristics of information
- Classifies the information on various criteria.
- Generates required information through given data.

**Instructions for lesson planning :**

- Exhibit to the class the marks obtained by few students for the subject business studies last term.
- Lead a discussion highlighting the following points.
- Mention that there are marks of only of few students here,
- That student overall performance can not be decided with it.

- Mention that a decision cannot be made regarding the students by the things included here such as the names of the students, the subjects and the marks obtained by them and mention that these are called data.
- Accordingly, explain that the basic factors and numbers that are obtained from various sources which can not be used directly to make decisions are known as data.
- By inquiring from the students the things that can be calculated using the data exhibited in the classroom, explain that those will be known as information and give examples for them.

Examples:

- The average of the students' marks.
- The number and the percentage of the students who have obtained less than 40 marks.
- The number and the percentage of the students who have obtained more than 75 marks.
- Point out that since the above examples are arranged according to certain method and since the decisions can be made on them, those are called information.
- By pointing out that it is easy to make decisions using information, explain the difference between data and information.
- Explain the data processing process.
 

Data → Processing → Information
- Discuss with the students about the characteristics that a good information should necessarily consist of. Point out that information can be classified based on various criteria.
- Make students engage in the following activity by grouping them in a suitable manner.
- Given below are few documents that can be seen in few institutes.
  - The purchasing invoices received by a trade firm in a period of one week
  - The attendance sheet of the employees of an apparel factory in a period of one month
  - The register of the classroom of a school
- Prepare a list of data that can be in the document you have received.
- State the way of generating information through that data processing process.
- Mention the characteristics that can be seen in those information.
- Present the differences between the data and the information that you have created.
- Point out to which information classification that your information belong to based on the criteria.
- Be ready to present your findings to the class.

**A Guideline to Explain Subject Matters :**

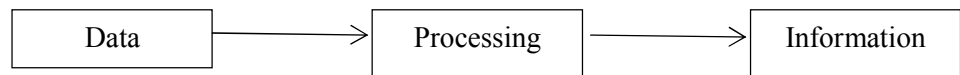
- Data and information can be introduced as follows.
- Basic facts and numbers generated by various events that take place in the environment or in the organization and by business transactions are known as data.  
Example : The name and the salary of an employee, the time that a transaction took place and its value, monthly electricity bill etc....
- Data can be presented in few ways.
  - Pictorial data : Photographs of goods
  - Numerical data : Prices of the goods
  - Audio data : Recorded consumer ideas
  - Visual data : Boards that show prices
- The processed data which is understandable and is called information  
Examples : Net profit ratio of a business, sales cost of a unit, annual total electricity bill, total production units.

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- Some differences between data and information are stated below.

Data	Information
<ul style="list-style-type: none"> <li>• Data is an input</li> <li>• Data cannot be used directly to make decisions.</li> <li>• Data are of no value until they are in the form of data.</li> </ul>	<ul style="list-style-type: none"> <li>• Information is an output</li> <li>• Information can be used directly to make decisions.</li> <li>• A value contains in information</li> </ul>

- The way of converting data into information through data processing process is shown in the following diagram.



- There are few functions in data processing process.
  - Classifying : Categorizing data based on their features
  - Sorting : Arranging data in a specific order.
  - Calculating : Subjecting data into mathematical or rational process.
  - Summarizing : Presenting data 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.  
Data processing equipment → pen, pencil, paper and stationary
  - Semi-manual system  
Processing of data using primary level data processing machines like the type writer and labour and data processing equipment → Type writer
  - Electro mechanical system  
Processing of data using automated data processing machines like electronic type writers.
  - Electronic system  
Processing of data automatically using computers.  
Data processing equipment → Computer  
Data processing can be done very easily and more accurately.

- The characteristics of good information can be stated as follows.
  - Descriptive \* Accuracy
  - Flexible \* Timely
  - Readily available \* Thriftiness
  - Comparable \* Competencies
  - Understandable \* Relevancy
  - Reliable
  
- The way of classifying information based on various criteria can be depicted in the following table.
- 

**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>• According to the time period.</li> <li>• According to the probability.</li> <li>• According to the management function.</li> <li>• According to the collectiveness and seperatedness.</li> </ul>	<ul style="list-style-type: none"> <li>• External, internal, primary and s secondary</li> <li>• Quantitative, qualitative.</li> <li>• Tactical, strategically, operational.</li> <li>• Past, present and future.</li> <li>• Definite, probable.</li> <li>• Financial, production, marketing, human resource.</li> <li>• Collective information, separated information.</li> </ul>

**Competency 17.0** : **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.2** : Examines the importance and the role of the information system of a business.

**No of Periods** : 05

**Learning Outcomes:**

- Explains ‘Information system’.
- Explains the necessity and importance of an information system.
- Explains the role of an information system.

**Instructions for Lesson Planning :**

- Inquire from the students about the systems in the human body.
- State the students’ answers on the board.
- (Nervous system, Respiratory system, Digestive System etc.....)

Point out in the following manner what a system is by using those answers.

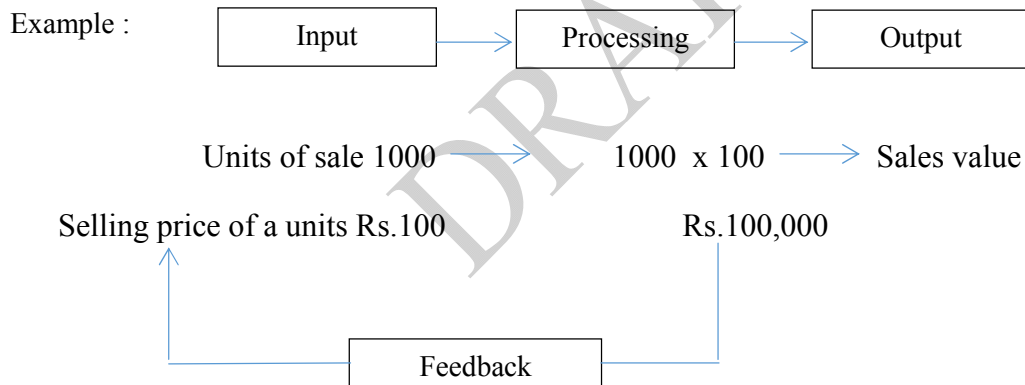
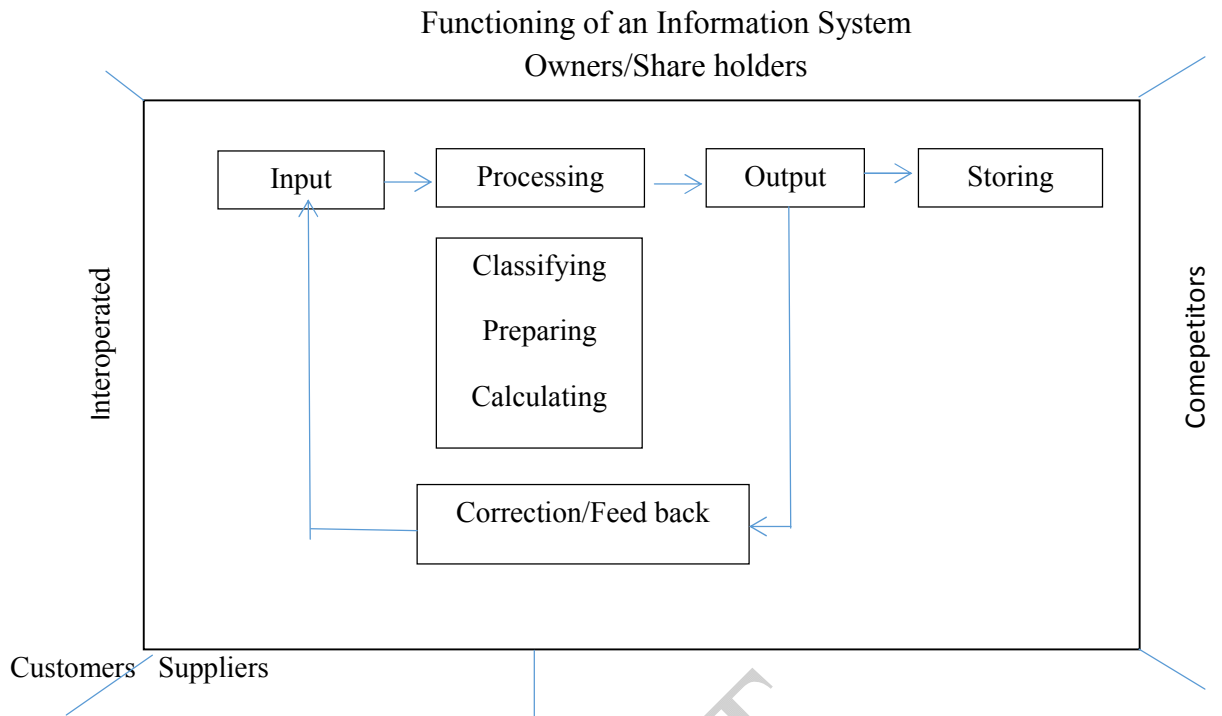
An integration of number of segments working together with a mutual relationship to achieve certain goal or an objective is known as a system. Using the concept of system, introduce what an information system is.

- Explain with examples the functions that are fulfilled by an information system.
- By introducing the elements of a computerized system, Explain the students the necessity and the importance of an information system.
- Make the students engage in the following activity by grouping them in a suitable manner.

- Given below are few computerized information systems of few institutions.
  - An information system for school library
  - An information system for bank accounts
  - An information system for the employees’ salaries of a production firm.
- Focus on the heading that your group has received among the above headings.
- Prepare a list of information that can be obtained using the information system that your group has received.
- Suggest the methods of storing the output that are derived from data processing process.
- Mention what kind of function is fulfilled by the relevant system.
- Point out the necessity and the importance of the information system for the field that your heading belong to.
- Be ready to present your findings to the class.

## **A Guideline to Explain Subject Matters**

- A set of components with inter relation engaged in collecting, processing, storing and delivering of information that are necessary for decision making and controlling of a business is known as information system.
- Data are transformed into information through an information system, and it is a process.
- Input  
Collection of data required for an information system is meant by this.
- Processing  
The process of converting the collected data into an information is known as processing.
- Components that transform data into information are stated below.
  - Output  
Presentation of data processed through data processing process to the relevant parties is meant by output.
  - Storing  
Safe Storing of the information that is generated by the system in order to use later when necessary.
  - Feed back  
Evaluation or inquire of comments of input through forwarding the output to relevant parties is known as feedback.
- Functions of an information system can be shown through the following diagram.



- A computerized information system consists of following components.
  1. Hardware  
All physical components in an information system are known as hardware.  
Ex:- Key board, monitor, printer, central processing unit (CPU)
  2. Software  
Computer programs used for data processing  
Ex:- Word , Excel etc...
  3. Live ware  
Users or consumers of the information system are known as live ware.



Ex:- computer engineers, computer programmers, Data processors, persons who obtain the services through ATM cards

4. Data

Basic factors and numbers data entered into the information system is known by this.

5. Procedures

The agreements, regulations and policies established to control the functions and components of the information system are meant by procedures.

6. Firmware

Computer programs stored permanently in chips, that are in the components is known by this.

Example : Microchip, IC

- The importance and necessity an information system can be shown as follows.
  - To make decisions relevant to management.
  - To achieve the goals and objectives of the organization.
  - To fulfill the daily functions of a business accurately and successfully.
  - To improve the productivity of the organization.
  - To minimize the resource wastage
  - To continue operational activities.
  - To minimize errors and storage space.
  
- It is expected to fulfil the following functions through an effective information system.
  - Communicating information to the relevant parties accurately.
  - Assisting in upliftment of the quality of the product.
  - Assisting in minimizing the cost of the institute.
  - Providing a situation to face the competition successfully.
  - Ascertaining the successfulness of the managerial functions.
  - Providing relevant information for required parties at any required time.

**Competency 17.0** : **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.3** : Classifies information systems according to the level of their usage examining the methods of classification of information systems.

**No of Periods** : 05

**Learning Outcomes:**

- Shows the criteria used to classify the information system.
- Classifies the information systems according to the levels of usage.
- Gives examples for the users of information systems according to the levels of usage.

**Instructions for lesson planning**

- State on the board by inquiring from the students the activities done and decision made by the management board in conducting the school.

Examples :

- Preparing annual time table
  - Uplifting the performance in the next year.
  - Implementing daily time table.
  - Calculating the attendance of the school students daily.
  - Calculating annual teachers' requirements.
  - Calculating school layout requirements.
- 
- Explain that these decisions and activities are done by the principal, deputy principals, sectional heads, teachers and other staff boards, that the required information is obtained through various parties and that this function has become easy with the usage of the computer.
  - Explain that in the same manner, the information is obtained also by the business organizations for various decision makings and activities and information systems are used for that purpose.
  - Explain that the information systems that are used by an organization classified on various criteria and that in each management level, various information systems are used.

## **A Guideline to Explain Subject Matters**

- Various criteria used for classification of information systems are stated below.
- According to the level of usage.
- According to the usage
- According to the managerial functions.
- There are four types of information systems according to the level of usage.
  - Strategic level information systems
  - Management level information systems
  - Knowledge level information systems
  - Operational level information systems

According to the level of usage the information systems can be shown as follows

- Strategic level information systems

The information systems that assist top managers of an organization to make strategic decisions as well as to solve internal and external problems are known by this.

Ex : Chairman, General Manager, Director Board

This level managers make decisions which would decide the future path, affect the entire organization and are of long term existence. The internal as well as the external information of the organization are required for it. Most of the time the information required by them should be provided in summarized form.

- Management level information system

A type of systems that assist middle level managers to make decisions, monitor and control. This system is used to implement and control the activities accordingly to with the decisions made by strategic level managers. Marketing managers, financial managers, production managers and human resource managers are some of the managers who use information systems of this level.

- Knowledge level information system

Knowledge employees and data employees are two types of employees at this level. The information systems that are used by them are known as knowledge level information systems. These information systems are used for discovering, organizing and integrating new knowledge.

Knowledge level employees are the professionals such as lawyers, accountants' auditors and engineers. They are the ones who generate information.

Data employees are the employees such as clerks and computer operators who engage in activities like copying the information, distributing and using of the information.

- Operational level information system

The information systems that assist operational managers to make decisions on basic activities and transactions of the business are known by this. Information such as sales, receipt of money, depositing of money, pay sheets, purchasing of materials and usage of materials etc... are processed through these systems. Managerial employees of operational level like supervisors and storekeepers etc.... use these information systems.

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**Competency 17.0 :** **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.4 :** Classifies information systems according to the usage

**No of Periods :** 05

**Learning Outcomes:**

- Classifies information systems according to the usage.
- Explains the characteristics of each information system according to the usage.
- Explains the role of each information system according to the usage.

**Instruction for lesson planning :**

- Lead a discussion highlighting the following points to check the previous knowledge of the students.
  - Point out that there are various management levels in an organization.
  - That various information systems are used at each management level.
- In the same manner, point out the way of classifying information systems into six types according to the usage.
- Point out the characteristics and functions of each information system with examples.

- Make students engage in the following activity by grouping them in a suitable manner.
- Following is a part of a speech delivered by the chairman of Helaka Company Ltd. At the progresses review meeting.
- Get it presented to the class through student who voluntarily participate  
“A high amount of time is spent in our organization to conduct activities like ordering of the materials, purchasing, reporting the attendance of employees and preparing of pay sheets etc.. and to obtain information. Because of that two employees had to be employed. But necessary information cannot be obtained at required time. I think the main reason for this is the information not being updated. Not only preparing of documents but also posting of letters also take place in the classic method ....”
- List the problems of the above organization by identifying them through a group discussion.
- Suggest suitable methods for solving those problems.
- Name the information systems that can be used to solve those problems.
- Present your creations to the whole class.

- Explain that there is an inter-relationship among the various information systems.

### **A Guideline to Explain Subject Matters :**

- Classification of information systems on usage is mentioned below.
  - Executive Support Systems (ESS)
  - Decisions Support Systems (DSS)
  - Management Information Systems (MIS)
  - Office Automation Systems (OAS)
  - Knowledge Work Systems(TPS)
  - Transaction Processing Systems (TPS)
  - Business Intelligence Systems (BIS)

- Executive Support Systems (ESS)

These are the information systems operated at strategic level. The information systems that have been developed to provide the required information to top level managers to make decisions are known as Executive Support Systems. The strategic level managers often have to make non structured non structured decisions which do not match with a pre-determined problem solving structures. The information systems developed for providing required information to take such decisions are known as Executive Support Systems.

- Decision Support Systems

These are the information systems that are used at management level. These can be introduced as the type of systems with analytical ability that assist middle managers to make uniform structured and semi-structured decisions which cannot be determined easily and keep on changing rapidly.

Structured decisions – Calculating of the EOQ according to the formula.

Semi-Structured decisions – Investment evaluating decisions.

These systems are used in various management activities specially at preparing plans, formulating structures, evaluating alternatives and making decisions etc...

- Management Information Systems (MIS)

These are the information systems that are used at middle management level. The information systems that assist middle level managers to make planning decisions, monitor and control. These are the information systems that assist middle level managers to directly reach the current performance and past reports. These systems

provide information in the form of reports at a specially required occasion or periodically in the uniform way as daily, weekly, monthly and annually.

Ex:-

- Periodical reports – Daily sales reports,
- Monthly – Receipts from debtors reports
- Special reports – Providing a report regarding a specific debtor when the management insists for it.

- Office Automation Systems (OAS)
- These are the information systems that facilitate to copy data and information electronically and to communicate them in the same form.

These are operated in knowledge level. These are used by the assistant accountants, secretaries and clerks etc.. who engage 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 pasting and communicating the data. Hence, the goal of the office automation systems is to facilitate E-pasting of data and information as well as communicating them in the same form.

Ex:-

- For preparing documents - Word Processing Systems
- For communicating information E – mail

- Knowledge Works Systems (KWS)

These are the information systems that assist in knowledge employees in generating and integrating new knowledge of an organization.

These are the information systems that operate at knowledge level. These are the information systems that generate information required by knowledge employees such as engineers, doctors, lawyers and researchers etc.... Since these are for persons who generate knowledge, these systems are not uniform.

Ex:-

- Computer Aided Designing (CAD)

- Transaction Processing Systems (TPS)

The information systems used to process data generated from daily operations of an organization are known as Transaction Processing Systems. These are the systems used to process basic data generated through frequently occurring functions of an organization. Reporting and necessary updating of the data relevant to daily operations are done using these systems. There can be several transaction processing systems developed for each department of an organization.

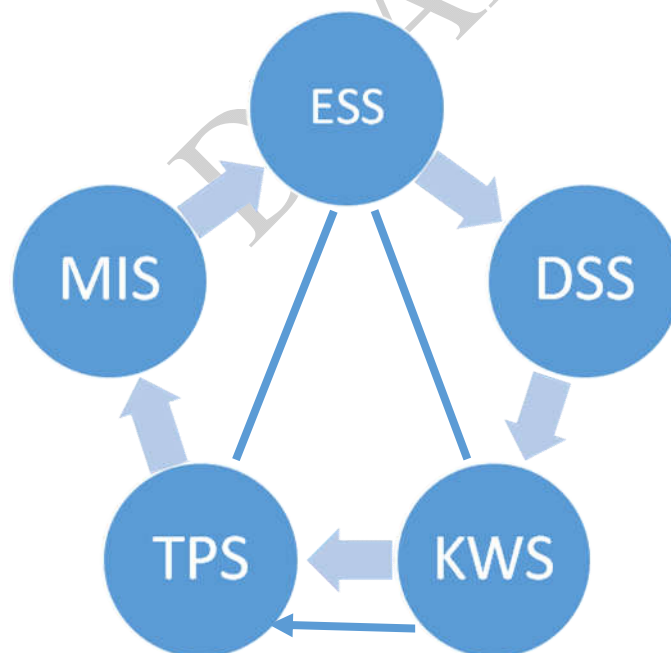
Ex:-

- Production division
  - To purchase materials
  - To order materials.
- Marketing division
  - To receive selling orders

- Financial/Accounting division
    - To price the goods.
    - To prepare budgets,
    - To prepare general ledger
    - To make cash payments
  - Human Resource Division
    - To prepare pay sheets
    - To record employee attendance
    - For training and development
- Business Intelligence Systems (BIS)

These are the systems that strengthen Executive Support System. These systems are developed using data and information which are to be used for Decision Support Systems. These are systems that comprise of abilities, processes, technological usage and practices.

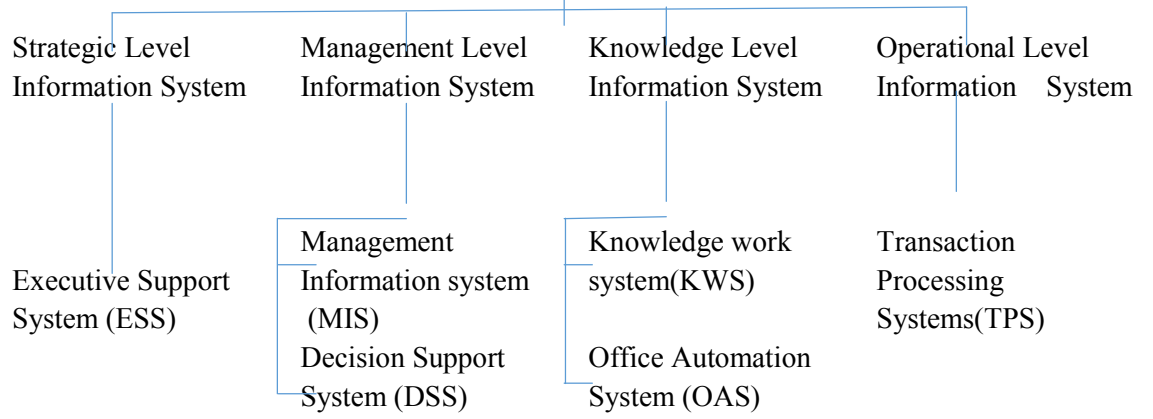
- Even though the systems are classified on usage in the above manner, there is an inter-relationship among these systems.
- The relationship among these systems can be depicted through the following diagram.



- The above arrow heads shows the directions of flow of data. Accordingly, the Transaction Processing Systems (TPS) of an organization are the information systems that provide data for other information systems (DDS, MIS). ESS receives data from MIS and DSS.
- There is an inter-relationship among the information systems classified according to the usage and management levels. That can be depicted through the following diagram.



## Information Systems



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**Competency 17.0** : **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.5** : Classifies information systems according to management functions

**No of Periods** : 05

**Learning Outcomes:**

- Classifies information systems according to functions of management.
- Explains the characteristics of each information system according to management functions.
- Explains the relationship among various information systems.

**Instructions for Lesson Planning**

- State the following functions on the display board that are relevant to the production institution.
  - Implementing advertising programs.
  - Preparing cash budget report.
  - Introducing new products to the market.
  - Planning to recruit new employees.
  - Planning of a production process.
  - Analyzing jobs.
  - Entering financial data into accounts.
  - Planning and controlling of purchase of materials.
  - Planning of new products.
  - Products development.
- Get the above functions classified according to the classification of functions such as operations, marketing, financial, human resource and research and development

Operations management	- Planning production process
	- Planning and controlling material purchase
Marketing management function	- Implementing advertising programs
	- Introducing a new product to the market
Financial management function	- Preparing a cash budget report
	- Entering financial data into accounts
Human Resource division	- Planning to recruit new employees
	- Analyzing jobs

- Research & Development - Planning new products
- management function - Developing products

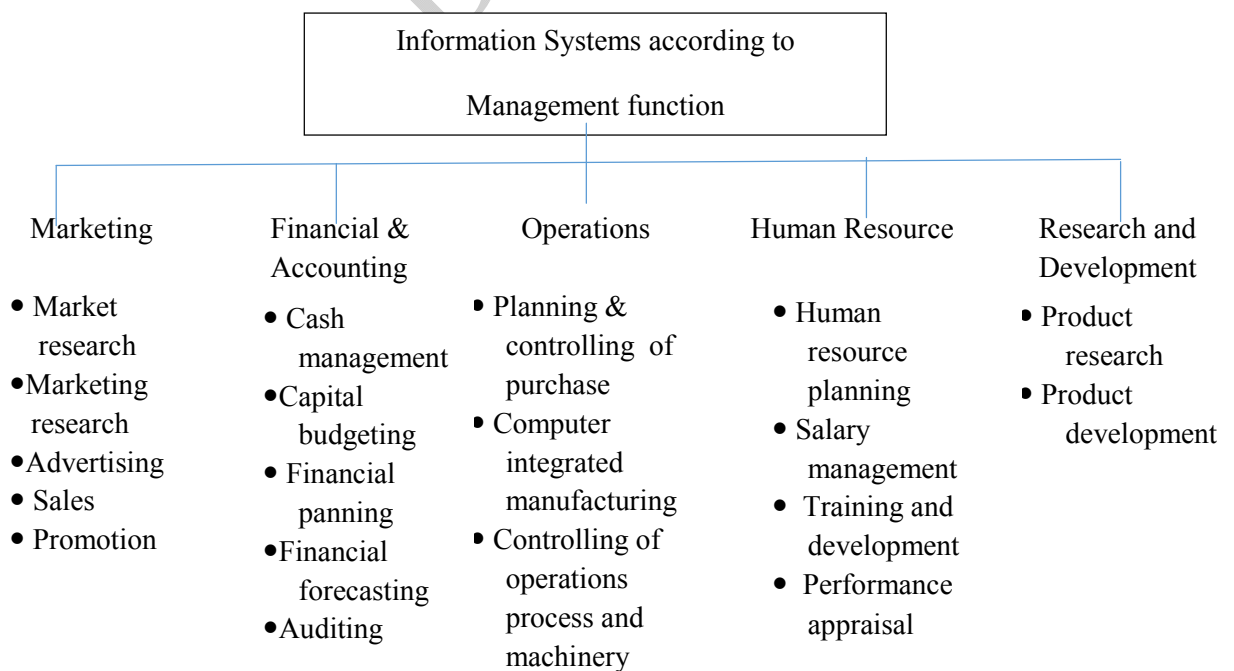
- Explain the way of classifying information systems according to management divisions with examples.
- Point out that even though the information systems are classified according to management functions there is an inter-relationship among them.
- Make students engage in the following assessment to get them ascertained the inter-relationship among the information systems.

**Information System**

Functions	Information systems according to management function				
	Operations	Marketing	Human resource	Financial & Accounting	Research & Development
1. Developing of a new production process	√				√
2. Data on employees' attendance and the payment of employees salary			√	√	
3. Purchasing of materials for production activities	√			√	
4. Remitting of money through internet for a foreign order		√		√	
5. Conducting a market research for the increase in sales		√			√
6. Training an army of selling employees for the personal selling		√	√		

**A Guideline to Explain Subject Matters :**

- Information systems can be classified by considering the fact that to which management function the information system provide information.
- Operation Information Systems  
The information systems used to process information needed for operational activities.
- Marketing Information System  
The information systems installed to process information relevant to marketing management.
- Financial and Accounting Information Systems  
The information systems installed for financial and accounting activities.
- Human Resource Information Systems  
The information systems used for human resource management.
- Research and Development Information Systems  
The information systems that prepare information required for research and development division.
- Even though the information systems that are in an organization are classified on management function, there is an inter-relationship among them.  
Ex ;- Presenting a new advertisement prepared for the product of the organization having a proper marketing research conducted by research and development function of the organization. This is relevant to marketing management information system, research and development information system as well as to financial management system.
- The classification of information systems according to the functions and examples for them can be shown through the following flowchart.



**Competency 17.0** : **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.4** : Reveals the benefits of information technology by inquiring about it.

**No of Periods** : 05

**Learning Outcomes:**

- Explains what information technology is.
- Explains the other technologies related to information technology.
  - Shows the importance of information technology.
- Lists the benefits of information technology.

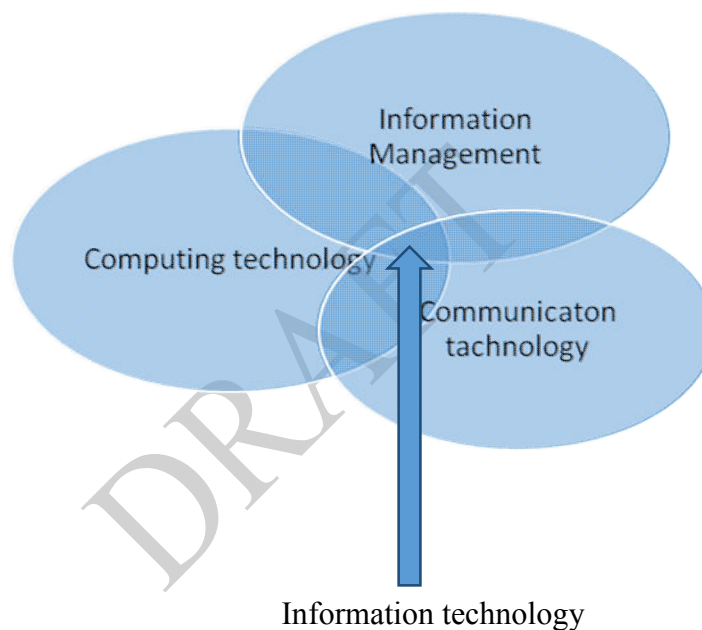
**Instruction for Lesson Planning**

- Direct the attention of the students on the following instance where e-mail and computer technology are used.
  - Inquiring the good health of a relation who lives in a foreign country using skype technology.
  - At a pedestrian crossing, indications of traffic signals. Such as displaying a person walking in a green background at which a pedestrian is to cross the road and displaying a person standing still in the red background at which a pedestrian is not to cross the road.
  - Displaying digital name board in front of the bus showing places such as where the journey starts places that will be passed and the end of the journey.
  - Digital watches that shows the time in number as seconds, minutes and hours.
- Similarly, lead a discussion by inquiring about the instances where e-mail and computer technology are used at present.
- Explain that in the above four instances, communication of information take place using technology in oral, pictorial, alphabetical and numerical forms respectively.
- Using them introduce what information technology is and explain that it is a combination of several technological fields. Make students engage in the following activity by grouping them in a suitable manner.
- Following are three fields bond with information technology. Focus on the heading that your group has received among them.
  - Computing technology
  - Communication technology
  - Information management technology.
    - Introduce the heading that your group has received.
    - Present the instances where that technology can be used using examples.

- Present the benefits that can be gained through that technological method.
- Prepare a student in your group for a three minute speech under the heading that your group has received.
- By pointing out the errors of students' presentations if there are and explain the benefits and the importance of information technology.

### **A Guideline to Explain 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.

- **Computing Technology**

The study on the calculations that take place in information systems is known as computing technology. Since the marine equipment that does this calculation is being the computer at present, this is sometimes called computer technology.

Accordingly, a person who studies information technology should also study the computer technology.

While this field has been improved a lot at present, Computers that has ability of calculating billion amounts of calculations accurately within a second have been generated at present.

- **Communication Technology**

This is the communication technology that is used to deliver the processed data to the relevant party. Even though the information processed manually were handed over by carrying physically under traditional systems, today the information can be sent in few seconds to anywhere in the world using internet systems through 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. Even though an institute possesses what so ever advanced computer and communication facilities, they are useless in the absence of a procedure to process information transmit and the effective use of it, the information effectively. There will be various problems in institutes where the information technology is used without proper knowledge on information management.

- The importance of information technology
- Ability to make more accurate decisions easily.
- Minimizing the errors in performance and increase in reliability.
  - Ability to perform the processes efficiently.
  - Ability to perform the processes effectively.
  - Upliftment the quality of the products.
  - Availability of massive storage capacity for information.
  - Decrease in the cost of processing.
  - Ability to face competition.
- The process of communication being easy.
- Easy to access to consumers or employees.
- Minimizing the distance between nations and individuals.
- People and consumers get a chance to receive a more efficient service.
- Widening the awareness of the people since the rapid generation and transmission of new knowledge.
- Expansion of the international trade.

### **Benefits of information technology**

- **Speed**

By obtaining even the complex things at a high speed and by classifying them, they could be reuse.

- **Accuracy**

That the chances for making any mistakes by individuals are high. But since the number of people that participate in electronic information operations systems are less, the chances for making any mistake are very low.

- Flexibility

Ability to use for various functions exquisitely and ability to make any changes according to the relevant function.

- Reliability

It is something that is created by accuracy.

- Improved quality

This means, the affairs conducted using this technological information also contain high quality.

- Management of large quantity of information

While a large amount of information could be obtained using technology, there is the ability of managing them to make decisions using those information as required.

- Less Employment

Employees being minimized because of using technological equipment.

- Low Space

Low space being sufficient for the usage of technological equipment.

- Low Cost

There is the ability for minimizing the cost by being thrift because of the above factors.



**Competency 17.0** : **Inquires how information systems contribute for the success of businesses**

**Competency Level 17.7** : Uses internet to communicate information

**No of Periods** : 05

**Learning Outcomes:**

- Explains the internet.
- Explains the services provided by the internet.
- Explains how internet can be used for the daily personal activities to make them easy.
- Explains how internet helps to organizational activities to make them easy.
- Shows how social networks are used by the businesses.

**Instructions for Lesson Planning**

- Present few pictures that are included in the appendix 17.7.1 which are relevant for internet or few flash cards relevant for internet to the students.
- Write on the display board by inquiring from the students what things are shown in those pictures/flash cards.

Example : A web page relevant to internet, a person that uses email, an instance of communicating with people of various countries using internet, an advertisement team relevant to internet, an instance where the office duties are done at home using internet.

- By explaining that many services can be fulfilled through internet, lead a discussion highlighting the following facts.
- Point out that various functions can be fulfilled easily through internet.
- Explain that internet can be used to make the affairs of an individual or an organization easy.
- Explain the way that business conducts their business activities using social networks.
  - Make the students engage in the following activity by grouping them in a suitable manner.
    - Focus on the heading that your group has received among the following headings
    - Daily personal activities
    - Functions of an institution
  - Explain the heading that your group has received.
  - Explain the way of utilizing internet to make affairs easier.
  - present your findings to the class.

## Appendix 17.7.1



## A Guideline to Explain Subject Matters

- A computer network is a connection of two or more computers for the fulfillment of functions like exchanging of messages, exchanging of data and information.
- Computer networks are of two types
  - Local Area Network (LAN)
  - Wide Area Network (WAN)
- Internet is a wide area network.
- Internet can be introduced as follows.

“Internet is a computer network that has been developed covering a wide range of area”.

A situation with activities in which exchange of information take place connecting thousands of extended computer networks in the world and which enables to connect at any time is known as internet.

- The following services are provided by the internet
- World Wide Web (WWW)

The system under globally accepted standards available for classification, retrieving, preparation and demonstration of information of computer network 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. Through a web browser, the ability for entering the World Wide Web can be obtained. Ex:- Internet Explorer Netscape. Search engines support to search web sites in world wide web Ex :- Google, Yahoo, MSN.
- E-mail

Exchanging of information from a computer to a computer through a communication link is known as e-mail. The sender and receiver should have internet facilities as well as e-mail addresses in order to send an electronically processed message. Photos, documents, pictures, voice and live movies can be sent along with e-mails.
- File Transfer Protocol

The technique used to exchange the files mutually among the computers connected with internet. This method allows copying and exchanging of the files including documents consisting of information, songs, cinemas, computer games etc.
- Chatting Facilities

People who live all over the world can call and chat with each other staying at their home itself. Through these facilities,

  - One's ideas are typed and sent to the other parties (Text chatting)
  - Exchanging views verbally (voice chatting)
  - Exchanging scenes in addition to voice using web cameras (video chatting)

- VOIP voice over internet protocol
  - Text + sound + video files can be exchanged.
- News group
 

A facility provided for receiving information and exchanging views among the groups with same desire. When the membership is obtain in a news group preferred by oneself, new trends, knowledge and information of that field will be received automatically through the internet.
- Tele Computing
 

Facilitating the use of another computer connecting to the internet and using a computer located one place is known as tele computing. Through this one can use the computer in his office by accessing through the home computer.
- The following facilities can be obtained by a person for day today activities
  - E-mail facilities
  - Watching of web pages
  - Internet chatting
  - Telephone facilities
  - Transaction of files
  - facilities to watch e-conferences, televisions and to listen to radio and e-news.
  - Facilities for e-magazines, e-library
  - E-channeling service
- Internet can be used to make the functions of an organization easily as well.
  - For e-commerce affairs
  - Ability to advertise goods and services
  - Ability to obtain necessary information of one's competitors.
  - Using it so as to minimize the communication cost.
  - For expanding one's market all over the world.
  - For obtaining information easily and fast
  - For conducting business affairs using social websites by businesses

<b>Competency 18.0</b>	:	<b>Prepares a business plan to start and expand a business.</b>
<b>Competency Level 18.1</b>	:	Exhibits the readiness to prepare a business plan suitable to the business idea examining the components of a business plan.
<b>No of Periods</b>	:	04

**Learning Outcomes:**

- Explains the business idea.
- Explains the macro and the micro factors to be considered when selecting a suitable business idea.
- Selects a suitable business idea after macro and micro analysis.
- Explains the business plan.
- Explains the importance of a business plan.
- Points out the factors to be considered when preparing a business plan.
- Lists the content of a business plan.

**Instructions for lesson planning :**

- Get the following role play presented through three students who voluntarily participate.

Upul - (talking to his wife Dushyanthi)

“See, the vast land of that old mansion has already been sold out by parting into blocks. Those who have bought them are going to build houses as well. I feel like that if I start a business that produces cement bricks, there would be a good business.”

Dushyanthi - “Isn’t it a far better idea to start a clothing shop than to the previous idea.” Both of the daughters of my sister can also sew well. They can even do business affairs well.

Son Helaka - Oh, mom! Clothing shop can be seen everywhere here. Besides, The necessity of those who have bought the lands is to build the houses rather than to buy clothes. Isn't it? So, Dad's idea is the best. Dad also has the experience in making cement bricks with grandfather. I also can help. If conducted according to a plan that would be successful.

Upul - Son's idea is right

- Inquire from the students the business ideas highlighted in the role play.
- Engage in a small discussion by emphasizing the following facts.
- Point out that businesses and persons have various ideas on businesses and those ideas are referred to as business ideas.
- That all the ideas should be evaluated to identify the appropriate business idea among all the business ideas.'
- That evaluating business idea in accordance with external environmental factors is referred to as macro analysis.
- That a business opportunity should be decided through macro and micro analyses.
- That the micro analysis should be conducted to select the most reading business idea among the business ideas identified through macro analysis.
- That a business plan should be prepared for the business opportunity decided in that manner.
- Point out with examples that business plan is prepared not only for new business opportunities but a business plan can also be prepared at various occasions relating to a business.

Ex :- • At expanding businesses

• At combining businesses

• At modernizing businesses

- Make students engage in the following activity by providing them with proposed instructions for learning.

- Imagine that your group possesses Rs.100,000.
- By a group discussion, make a list of business ideas that can be done from this money.
- Make a list of macro environmental factors to be considered in selecting a suitable business idea among those business ideas.
- Make a list of task and internal environmental factors that were considered in selecting a business idea that brings the highest benefits.'
- Accordingly, mention the best business opportunity that your group has decided.

- Present reasons for mentioning so.
- Be prepared to present your ideas to the class.
- By introducing the business plan, point out the facts to be considered in preparing a business plan.
- Point out the components that should be included in a plan when preparing a business plan and the importance of a business plan.

### **A Guideline to Explain Subject Matters**

- The idea originated within an entrepreneur about a product which could satisfy a need or a want of an individual or an organization is referred to as business idea.
- A business opportunity should be decided through macro and micro analyses of those business ideas.
- Evaluating all the business ideas to identify suitable business idea is known as macro analysis. This evaluation should be done based on the external environmental factors of the business.
  - Macro environmental factors
    - Economic environment
    - Democratic environment
    - Social and Cultural environment
- 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.
  - Micro environmental factors.
    - Internal environmental factors  
Ex : Owners, Managers, Employees, Resources
    - Task environmental factors  
Ex: Customers, Suppliers, Competitors
- A business plan should be prepared for the selected business opportunity in that manner.
- A business plan is prepared for a new business opportunity, as well as when expanding an existing business, when amalgamating businesses, when modifying a business and when purchasing a business.

### **Business Plan**

- A business plan is a document which describes the goals and objectives of a business and strategies that should be followed to achieve them. This is a route map showing the way of the business idea.

### **The importance of a business plan**

- The business plan depicts where the business should go in the future (explaining of vision, mission, goals, and objectives).
- It gives a comprehension about the business to the interested parties.
- To get financial facilities required by the business.
- To identify the required resources for a business and to maneuver them easily.
- Ability to organize the future business activities in order and well through the depiction of everything suitably.
- Useful for evaluating the performance of the business.
- Assists in attracting employees for the positions of the business.
- Easy in regulation and control.

### **Factors to be considered in preparing a business plan**

- While a businessman should have a better comprehension in preparing a business plan, the following factors should be considered all along the plan.
  1. Focus  
 Depicting clearly such as, what are you? What is the product or a service you are going to present? How is the business going to be started? How can it be improved?
  2. Customers  
 Identify your target customers clearly. Depict clearly about how to reach towards them.
  3. Goals  
 Depicting information such as the main goals and the way of reaching them, if they are reasonable to the market and about how to evaluate the successfulness and unsuccessfulness of the goals.
  4. Required Financial resources  
 Depicting that how much money is required to start and conduct the business and how to obtain it.
- Components that are included in a business plan.
  - Cover page



- Executive Summary
- Business Description
- Marketing plan
- Operational plan
- Human resources plan
- Financial plan
- Appendixes

### **Cover Page**

- The exclusive identity of the business can be presented in the cover page. The suitable place to include the symbols of identifying business is the cover page. The information relevant to identify the business (address, phone no., fax, web page) should be included in the cover page. The referee who should be contacted regarding a question or information should also be included here.

### **Executive Summary**

- The executive summary is the section in which the basic facts in a business plan are briefly stated. While this is the section that gives the reader of the plan a gross comprehension of the whole plan, it always should be brief and attractive (will be discussed in the competency level 18.7)

### **Business Descriptions**

This is the section in which the information such as what is the business, the details about the good or the service that the business provide, the benefits that customers gain by that and the exclusiveness of that are explained. The following information is included in it.

- Name and address of the business.
- Goals/objectives of the business.
- Pioneers.
- Organization structure.
- The type of organization.
- Director board.
- Details on goods and services.

### **Marketing plan**

The section which describes in detail the facts such as the market competition, marketing strategies, sales forecasting etc... is known as the marketing plan. (will be discussed in detail in the competency level 18.2.

## **Operations plan**

The section consisting the details about production procedure, production machines & equipment, required quantity of products , locating the factory, national and international standards followed is known as the operations plan. (will be discussed in detail in the competency level 18.3)

## **Human Resources Plan**

The section that includes the determination of the future human resources requirements and the ways of attaining them is known as Human Resource Plan. (will be discussed in detail in the competency level 18.4).

## **Financial Plan**

The section in which all the estimated financial information are included is known as the financial plan. (will be discussed in detail in the competency level 18.5).

## **Appendix**

The information that are presented at the end of the business plan.

- Diagrams
- Charts and tables
- Date reports
- Bio data information
- Ratios
- The special consideration should be placed on the following factors when presenting a business plan.
- The cover page should be made with an attractive finishing. The name of the organization, address, telephone number, e.mail address etc... should be mentioned in a 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 appendix.
- Highlight the important information.
- Start every main topic on a new page.
- Tables should be prepared completely without keeping blank places.
- All table numbers, headings and sources of data should be clearly stated.]
- Numbers should be used in orderly manner

Ex: - 1.0

1.1

1.2

1.2.1

1.2.2

- Should be prepared it as a fascinating booklet.

**Competency 18.0** : **Prepares a business plan to start and expand a business.**

**Competency Level 18.2** : Prepares the marketing plan that is suitable to the business idea.

**No of Periods** : 06

**Learning Outcomes:**

- Defines the marketing plan.
- Point out the importance of a marketing plan.
- Explains the content of a marketing plan.
- Prepares the marketing plan using given information.

**Instruction for lesson planning**

- Present the song Prawns, cat fish that is in the appendix 18.2.1 in a suitable manner.
- Lead a discussion highlighting the marketing concepts that can be noticed the song in the following manner.

Ex : Fish

Quality - Fresh fish improves the blood in the body

Price - Reasonable price, Little profit

Place - Direct distribution, market

Promotional Strategy - Direct marketing, personal selling, provision of discounts.

Consumer group that demands - Maggi Akka as well as Mansion owner's wife.

The ability and the habits - By haggling, by bargaining  
Of purchase of goods & service

- Point out that this fishmonger as well as businesses sell various products to target consumers and that those marketing activities should be planned out.
- Introduce the marketing plan as one of the main component of a business plan.
- By pointing out the importance of a marketing plan to a business, explain the components that should be included in a marketing plan.
- ~~Make students engage in the following activity by grouping them in a suitable manner.~~

- Provide all the group with a bundle of tables that is in the appendix no.18.2.2.
- Instruct them to use the tables when collecting information and presenting a marketing plan.
- Focus on the business that your group receives among the following business.
  - Production of envelopes
  - Production of cements bricks
  - Production of school uniforms
  - Production of wooden wardrobe
- Imagine that you have to prepare a marketing plan, a component included in the business plan of the business you have received.
- Gather the necessary information under the following headings to prepare marketing plan.
  - Details on the production
  - Target market
  - Details about the existing competitors
  - Own strengths and weaknesses for facing competition
  - Marketing strategies
  - Annual sales revenue and expenditure forecast
- Prepare a marketing plan using the information you have gathered. (use the table provided to present information).
- Present your findings creatively to the class.

- Evaluate the students' activity.
- Inform that these group themselves should prepare the plans for remaining components of a business plan.

- Keep safer this marketing plan since a business plan should be prepared at the end of the 18<sup>th</sup> competency.

### **A guideline to explain subject matters**

- The section which describes the facts such as the market, competition, marketing strategies, sales forecasting etc... in detail 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 can be faced.
  
- Following elements are included in a marketing plan.
  - Analyses of industry and market.
  - Goods or services expected to be sold.
  - Target market.
  - Analysis of competition.
  - Expected sales
  - Marketing strategies of competitors
  - Proposed marketing strategies
    - Product strategies.
    - Pricing strategies
    - Distribution strategies.
    - Promotion strategies
  - Annual sales forecast.
  - Marketing expenses.
  
- Industry and marketing analysis
  - In the industry and market analysi, a complete description about the industry is presented. That means, the current position of the industry, sales, profits, growth rates and other trends are analysed.
    - Such as who are the buyers
    - Whether the market is local, national or international etc..

- Product
  - Some details that should be presented about the expected product to be sold are mentioned below.
    - Product or service.
    - Product mix (details about the length, width, depth).
    - Usage of products.
    - Design, quantity and type of each product.
  
- Some of the information that should be presented about the target market are mentioned below.
  - Exclusive features of the target market and the segments of it.
  - Basic trends and expected changes of target market.
  - Strategies to reach the target market.
  
- Some of the information that should be presented in the competition analysis are stated as follows.
  - Existing 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
  - Some information that should be presented about expected sales are mentioned below.
    - Size of the target market, the number and the purchasing power of the expected customers and the expected market growth.
  - Some of the facts that should be presented about the strategies of competitors are stated below.
    - Pricing strategies, distribution strategies and the promotion strategies of competitors.
  
- Few information that should be included for proposed marketing strategies are mentioned below.
  - Product strategies
  - Price Strategies
  - Distribution Strategies.
  - Promotional Strategies.
  
- Some information that should be included in sales forecast is mentioned below.

- Type of the product, sales volume, unit price and the annual income.
- Some information that should be included in the marketing expenses are mentioned below.
- Distribution expenses, discounts, promotional expenses, sales commissions, marketing fixed assets depreciation etc...

**Appendix 18.2.2**

Marketing plan

1. Details about the products expected to be sold.

Describe briefly the type, design, quality, etc...

Related to your product

.....

.....

.....

2. Target Market

Product	Target Customers

3. Competition analysis

Existing Competitors	Their Strengths	Their Weaknesses

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4. To face the competition, one's

Strengths	Weaknesses

5. Marketing Strategies

Marketing Mix	Strategies of Competitors	Strategies of Businessmen
Product		
Price		
Place		
Promotion		

6. Annual Sales revenue and expenditure forecast.

Prepare only for one year.

Type/types of the product	Expected Sales	Unit Price	Sales Revenue	Total Value
1.				
2.				
3.				
Total Selling revenue Expected marketing expenditure				
<ul style="list-style-type: none"> <li>• Transportation</li> <li>• Advertising</li> <li>• Depreciation               <ul style="list-style-type: none"> <li>• (Transportation vehicle)</li> <li>• Sales Commissions</li> </ul> </li> </ul>				



Total Sales expenditure				
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DRAFT

- Competency 18.0** : **Prepares a business plan to start and expand a business.**
- Competency Level 18.3** : Prepares the operational plan according to the marketing plan.
- No of Periods** : 06

**Learning Outcomes:**

- Explains the operational plan.
- Explains the importance of an operational plan.
- Explains the content of an operational plan.
- Prepares the operational plan using given information.

**Instructions for lesson planning**

- Imagine that your class has been assigned for preparing and selling of wood apple drink for 100 persons for the students’ fair of the school.
- Lead a discussion for the preparation of the wood apple drink.
- Point out that the materials such as wood apples. Sugar, salt, water and ice cubes are needed for preparing wood apple drink.
- That the instruments such as blender, knife, spoons, glasses and trays etc.... will be needed for preparing wood apple drink.
- That the students’ labour will be used for preparing the wood apple drink ( to prepare the drink, to clean the utensils and premises, to exchange money and to supply activities)
- Point out that various expenditures will be incurred in the following manner through the following example.

		(Rs.)	
Example :	For 8kg wood apples	520.00	
	For Sugar	180.00	
	Salt	60.00	
	Ice cubes	<u>140.00</u>	900.00
	Electricity bill		60.00
	Depreciation of instruments		<u>40.00</u>

Total cost

1000.00

The unit cost (S unit of wood apple drink) =  $\frac{1000}{100}$  = Rs.10/-

- Point out that just like the wood apple drink, the expenses such as materials, labour etc. should be estimated in conducting any production
- Only the production cost but also the cost incurred for total operational activities (machinery, machinery plants, disposal of garbage) should also be estimate
- And the plan that is prepared related to the total operational activities in that manner is known as operational plan.
- By pointing out the importance of the operational plan, explain the factors that should be included in an operational plan.

Make the groups, which made the marketing plan in competency level 18.2, engage in making the operational plan as well.

- Production of envelop.
- Production of cement bricks
- Production of school uniforms.
- Production of wooden wardrobe.
- Imagine that you have to prepare an operational plan for the business that you group has received.
- Accumulate the information needed to prepare an operational plan through a group discussion.
- Using the information you have gathered and the tables provided, prepare an operational plan. (according to the table 12.3)
- Present your findings creatively to the class.
- Evaluate the students' activities.
- Keep safe this operational plan, since a business plan is to be made at the end of this 18<sup>th</sup> competency.

#### **A guideline to explain subject matter**

- The section consisting of the details of the production of a certain product such as the production procedure, quantity of products, production expenditure, the national and the international standards followed, locating the factory etc.... is known as the operational plan.
- Some of the reasons for an operational plan to be important are mentioned below.
- Ability to have a comprehension about the future operations beforehand

- Ability to improve the quality of the product.
- Ability to minimize the possible wastages and delay in the process of manufacturing.
- Ability to determine the cost of the production unit beforehand.
- Components that should be included in an operational plan.
  - Fixed assets requirements.
  - Raw materials requirements.
  - Employee requirements.
  - Manufacturing overheads.
  - Factory layout plan.
  - Disposal of wastage.
  - Social and environmental influence.
  - Total manufacturing cost and the unit cost.
  - Operational activities and expenditures prior to the beginning of the business.

### **Production Volume**

The maximum number of units that can be obtained according to the inputs used in the production process within a certain period of time.

### **Fixed assets requirements**

The cost that have to be incurred regarding the assets used for production process such as motor vehicles, machinery and buildings and the depreciation of those assets belong to this.

### **Raw material requirements**

Information with regard to the number of units expected to be produced, accordingly the amount of materials needed and the cost that have to be incurred for tthat can be stated here.

### **Employee requirements**

Including the information that are related to employees and managers who engage in the production activities, In other words the number of employees required, the nature of employees and the wages paid for them etc... are included here.

### **Production overhead costs**

The costs that have to be incurred regarding the production activities but cannot be specified directly for a production unit, incurred commonly are known as production overhead costs. These are referred to as factory overhead costs as well. Accordingly, by identifying indirect material cost, indirect labour cost and other indirect costs that have to be incurred for production activities, they are included here.

### **Factory layout plan**

The plan that is presented regarding the way of locating the machinery, equipment and attachments used for production is known as factory layout plan.

### **Disposal of wastage**

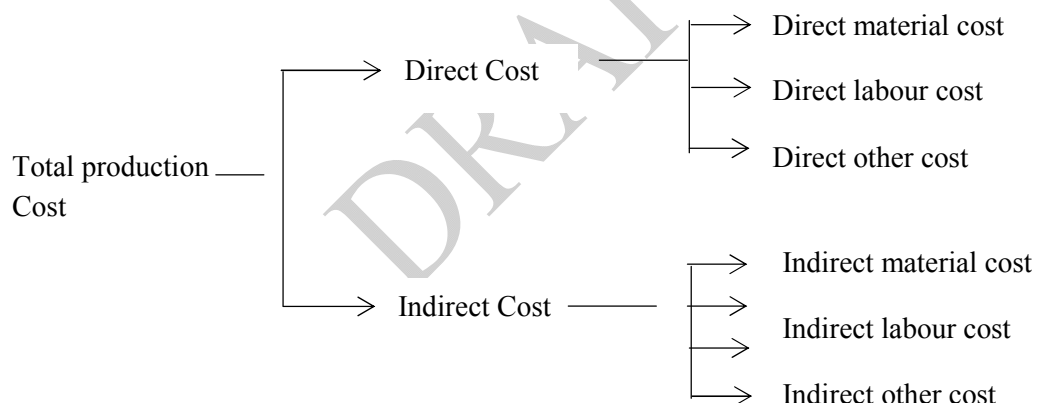
The information and data related to the costs that have to be incurred in disposing garbage created in the production process are included here.

### **Social and environmental influence**

In this section, the action that have been taken to minimize the unfavourable impact that happen to society and the environment because of the production process and the estimated cost for them are included.

### **Total production cost and unit cost**

The total cost that is expected to be occurred for goods or services expected to produce within a specific period of time is known as total production cost. The total cost consists of direct cost and indirect cost.



- When the total production cost is divided by the number of units produced, the unit cost will be obtained.
- Operational activities and expenditures prior to the establishment of the business
  - The cost related to the conducting of researches.
  - The cost incurred for the registration of a business.
  - The cost incurred obtaining capital.
  - The cost incurred for obtaining required fixed assets.

**Operational Plan**

Production volume

Product : .....

Amount :

Year	Amount – units
1 <sup>st</sup> year	
2 <sup>nd</sup> year	
3 <sup>rd</sup> year	

- Materials and labour requirements (only for one year)

	Amount	Unit Price	
		Rs.	Cent.
Fixed Assets			
Materials (only for one year)	Amount	Price of 1 kg	
	The number	Monthly salary	
Operational Manager			
1. Employee			
2. Employee			
3. ....			

**Factory layout plan**

Depict here by drawing, the way the operational layout is planned. Use an appropriate type of layout planning for that.

**Disposal of garbage**

- State the actions that are expected to be taken for the disposal of garbage in brief.’
- Estimate the costs that have to be incurred for that.

Expected actions	Expected Cost
	Rs. Cost
1. _____	_____
2. _____	_____
3. _____	_____
Total Cost	

- Social and environmental influence

State here, the actions that have been taken to minimize the unfavourable impact that happen to society and the environment because of the production process and the estimated cost for them.

Actions	Expected Cost
1. _____	_____
2. _____	_____

3. _____	_____
Total Cost	

- Production cost plan (only for one year)

Expected number of units			
Direct Cost			-----
Direct materials cost			
-----	-----		
-----	-----		
Direct labour cost	-----	-----	
-----	-----		
-----	-----		
Direct other cost	-----		
-----	-----		
-----		-----	
Total direct cost			
Overhead cost			
Indirect materials cost			
-----			
-----			
Indirect labour cost		-----	-----
-----			
-----			
Indirect other cost			
-----			
Total overhead cost			
The production cost			

Unit cost of product – Rs.



N.B: Make it relevant that 10% of the cost of the fixed assets.

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<b>Competency 18.0</b>	:	<b>Prepares a business plan to start and expand a business.</b>
<b>Competency Level 18.4</b>	:	Prepares the human resources plan of the business.
<b>No of Periods</b>	:	06

**Learning Outcomes:**

- Explains the human resources plan.
- Explains the importance of preparing human resources plan.
- Explains the contents of a human resources plan.
- Prepares a human resources plan using given information.

**Instructions for lesson planning**

- Inquire from the students what an organizational chart is by using the knowledge acquired from the 12<sup>th</sup> and 16<sup>th</sup> competencies.
- Get the organization chart constructed on the board through students who voluntarily participate.
  - Using that, lead a discussion highlighting the following facts.
    - That the organization structure is depicted by the organization chart.
    - That there are various managerial levels according to the power and responsibilities.
    - That there are various posts in each level.
    - That there should be various skills in managers of each level
- Explain that the plan prepared by ascertaining all the human resources requirements according to the organization chart and also estimating the cost related to them is known as human resource planning.
- Explain the importance of preparing a human resource plan.
- By explaining the contents that should be included in a human resource plan, instruct them to prepare a human resource plan.
- Lead the same groups to prepare this activity that prepared the marketing and operational plans in the competency levels 18.2 and 18.3.

- Imagine that you have to prepare a human resource plan by considering the marketing and operational plans that you have prepared for the production business you have got.
  - Production of envelopes
  - Production of cement bricks
  - Production of school uniforms
  - Production of wooden wardrobes
- Collect the required information through a group discussion for preparing human resource plan according to the table in 18.4.1.
- Using the information you have gathered and the table provided, prepare a human resource plan.
- Present your findings creatively to the class.
- Evaluate the students' activity.
- Instruct them to keep the prepared plan safer.

#### **A guideline to explain subject matters**

- The plan that is prepared by determining the future human resource requirements including the estimation of costs relevant to them to achieve the goals and objectives of a business is referred to as human resource plan.
- Few reasons for a human resource plan to be important
  - Ability to forecast the future employee requirements and the cost.
  - Ability to utilize the human resource more efficiently and productively.
  - Ability to prevent breakdowns of business activities due to pre recognition of future human resource requirements.
  - Ability to minimize the sudden recruitments cost.
  - 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.
  - The details about entrepreneurs/ partners.
  - Managerial skills.
  - The basic posts and responsibilities of an organization structure
  - Organization chart.
  - Annual expenditure for the human resource.
- The details about entrepreneurs/ partners

In this section, the personal details, names and addresses of entrepreneurs/ partners should be included.

The educational qualifications, experience and strengths of managers of an organization should be stated separately here.

- The basic posts and responsibilities of an organization structure

When preparing a human resource plan, it is necessary to create posts with regard to various functions of the organization and to mention the functions, power and responsibilities relevant to those posts.

Examples :

Posts	Functions	Responsibilities
Chief executive officers (CEO)	<ul style="list-style-type: none"> <li>• Making decisions with regard to managerial activities of the business.</li> <li>• Making decisions with regard to strategic planning.</li> </ul>	Overall Organization

(The posts and the functions vary according to the nature of the organization)

#### Organization Chart

- The inter relationship among the various sections and posts of an organization is referred to as organization structure, this can be shown by summarizing in an organization chart.

#### Annual expenditure for the human resources

- Salaries and wages paid for various existing posts differ according to the nature of the business. The annual total expenditure for human resource can separately be identified as direct labour cost and indirect labour cost.

Apart from this, the total managerial expenditures of the organization should be included in this plan.

**Human Resource Plan**

- The details about entrepreneurs/partners :

Personal details of entrepreneurs/partners :

Name	Address
1.	
2.	
3.	

- Managerial Skills

Name of the manager	Educational qualification	Experience	Other skills
1.			
2.			
3.			

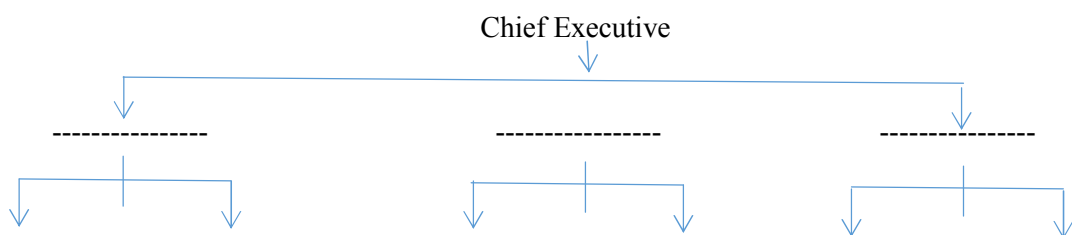
- Non-managerial employee skills

Name of the employee	Educational qualification	Experience	Other skills
1.			
2.			
3.			

- The basic posts and responsibilities of the organization structure

Posts	Functions	Powers
1.		
2.		
3.		

- Organization Chart



- Estimation of Annual expenditure

Item	Monthly	Annual	
		Rs.	Cents
Wages: <ul style="list-style-type: none"> <li>• Managers               <ul style="list-style-type: none"> <li>Marketing manager</li> <li>Operations manager</li> <li>Financial manager</li> </ul> </li> <li>• Non managerial employees               <ol style="list-style-type: none"> <li>1. -----</li> <li>2. -----</li> <li>3. -----</li> <li>4. -----</li> <li>5. -----</li> </ol> </li> <li>• Other administrative expenses               <ul style="list-style-type: none"> <li>Telephone charge</li> <li>Insurance premium</li> <li>Stationary</li> <li>Depreciation of office equipment</li> </ul> </li> </ul>			
Total Cost			

<b>Competency 18.0</b>	:	<b>Prepares a business plan to start and expand a business.</b>
<b>Competency Level 18.5</b>	:	Prepares the financial plan of the business.
<b>No of Periods</b>	:	08

**Learning Outcomes:**

- Introduces the financial plan.
- Explains the importance of preparing financial plan.
- Lists the documents to be included in a financial plan.
- Explain the each component of the financial plan.
- Explains the factors to be included under the each component of the financial plan.’
- Estimates the project cost that should be included in the financial plan using given information.
- Prepares the estimated income statement that should be included in the financial plan using given information.
- Prepares the estimated cash flow statement that should be included in the financial plan using given information.
- Prepares the estimated balance sheet that should be included in the financial plan.
- Prepares the estimated schedule of repayments of loan that should be included in the financial plan using given information.

**Instructions for Lesson Planning**

- Enter into the lesson by reminding the previous knowledge on information and documents relevant to financial planning discussed in the 15<sup>th</sup> competency.
  - That the financial resources of a business should be planned well.
  - That in financial planning, the documents such as cash budget report, capital budget report and cash flow statements are used.
  - Explain, that in this manner, the section in which all the estimated financial information are included is known as the financial plan.
  - Explain the importance of a financial plan.
  - By explaining each of the components that should be included in a financial plan, instruct them to prepare a financial plan.

- By considering the marketing, operations and human resource plans that you have prepared for the production business you have received, prepare a financial plan
  - Production of envelopes
  - Production of cement bricks
  - Production of school uniforms
  - Production of wooden wardrobes
- Collect the required information through a group discussion to complete a model of a financial plan.
- Using the information you have gathered and the tables provided, prepare a financial plan.
- Present your findings creatively.
- Evaluate the students' activity.

**A Guideline to Explain Subject Matters :**

- The section in which all the estimated financial information of a business are included in known as the financial plan.
- The importance of preparing a financial plan can be proven by the following facts.
  - To determine and obtain 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 following facts are included in a financial plan.
  - Estimated project cost (capital requirement)
  - Estimated profit and loss (income) statement
  - Estimated cash (cash flow statement)
  - Estimated balance sheet.
  - Loan repayment chart



## 1. Estimated Project Cost

- The cost that has to be borne for the project that is expected to be implemented and continued according to a selected business idea is known by this.
- The project cost consists of the followings
- Total cost of fixed assets.

This refers to the cost for the assets with a long term existence required for the continuity of business affairs.

Examples :

- Land and buildings
- Machines and equipment
- Motor vehicles
- Other assets with a long life span.

- Preliminary operational expenses

The expenses needed prior to the starting of the operations.

Examples :

- To develop the land.
- To get infrastructure facilities like water and electricity.
- To get licenses.
- To get the business registered.

- Total working capital

Funds required for daily business operations is known by this.

Examples :

- To purchase raw materials (direct cost).
- To incur production overhead cost.
- To incur administrative overhead cost.
- To incur marketing overhead cost.

## 2. Estimated profit and loss (income) statement

- The document containing expected income, expected cost of goods sold and expected operational expenses is known as the income statement.
- The estimated income statement consists of the following facts.

- Sales revenue

The value that is obtained after deducting the values of returns inwards from the value cash sales and credit sales is known by this.

- Cost of sales

This value is obtained after deducting the values of returns outwards and closing stocks from the total added value of opening stock, purchase and expenses of carriage – inward.

- Gross profit

Gross profit can be obtained after deducting the cost of sales from the sale revenue.

- Operating profit

The profit that is obtained by deducting operating expenses from the sum of gross profit and operating income is known as operating profit.

- Profit for the period

The amount available after deducting the income tax from the operating profit is known as profit for the period.

### 3. Estimated cash flow statement

- The schedule prepared containing the estimated cash inflows and out flows during a particular future period of business is known as the estimated cash flow statement.
- A cash flow statement contains the total cash inflows, the total cash outflows of a particular period and the cash balance at the end of that period.
- The following information are included in an estimated cash flow statement.

- Cash inflows

Examples:

- Owners' capital
- Obtaining of loans
- Cash sales
- Receipt of income
- Receipt from debtors
- Cash outflows

Examples:

- Purchasing non-current assets.
- Purchasing raw material and goods for sale.
- Payment for insurance, electricity bills, telephone bills, transport, rates, salary etc...

- Payment of taxes.

#### 4. Estimated balance sheet

- The statement that shows the financial condition of a business firm as at the last date of a particular future period is known as the estimated balance sheet.
- The following information is included in an estimated balance sheet.

- Non – current Assets

Assets acquired with the purpose of using for more than one year is called noncurrent assets.

Examples :

- Land and buildings
- Machinery
- Motor vehicles

- Current Assets

Assets that keep on changing less than a year is called current assets.

Examples :

- Inventory
- Debtors
- Cash
- Bank money

- Non-current liabilities

Examples :

- Bank loans

- Current liabilities

Examples :

- Creditors
- Accounts payable
- Tax payable

#### 5. Loan Repayment Chart

A chart including the details of the loans obtained by the business, repayment methods of loan and the interest and the loan balance at the beginning and the end of the period is known as loan repayment chart.

Examples :

- Creditors
- Accounts payable
- Tax payable

- Summary of the project

The summarized document in which the information given in such as the estimated project cost, income statement, cash flow statement, loan repayment chart and estimated balance sheet etc. is known as summary of the project.

## Appendix 18.5.1

### Financial Plan

#### The project cost

#### Estimated Cash Flow Statement

Item	Rs.
Cash Inflows	
Cash invested by the proprietors/owners	
Sales revenue	
Total Cash In-flows (A)	
Less: Cash out-flows	
• Purchase of land and buildings	
• Purchase of machinery and equipment	
• Purchase of other fixed assets	
• Expenses prior to the operations	
• Total direct cost	
• Production overhead cost	
• Marketing overhead cost	
• Administrative overhead cost	
• Tax payment	
• Income tax payment	
• Other payments	
-----	
-----	
Total cash out –flows (B)	
Cash balance at the end of the period (A) – (B)	

### Estimated Income Statement

Of ..... business

For the year end .....

Item	Rs.	Rs.
Sales revenue		
Less : VAT		
Net Sales revenue		
Less :		
• Total direct cost		
Gross Profit		
Less :		
• Production overhead cost		
• Marketing overhead cost		
• Administrative overhead cost		
Less :		
• Depreciations		
• Interest on loans		
Net profit before tax		
Less :		
• Income tax		
Net profit after tax/ operations profit		

### Estimated Income Statement

Of ..... business

As at .....

Item	Cost		
Fixed Assets			
Motor vehicle			
Machinery and equipment			
Furniture and attachments			
Other			
<b>Total Fixed Assets (A)</b>			
Current Assets			
Cash			
(The final balance of the cash flow statement)			
Final stock			
<b>Total Current Assets (B)</b>			
<b>Total Assets (A) + (B)</b>			
Liabilities			
Current liabilities			
.....			
(Only if there is) ©			
Long term liabilities			
.....			
(Only if there is ) (D)			
The input of the business (capital)			
Net profit			
<b>Total input (E)</b>			
<b>Total liabilities © + (D) + (E)</b>			

- Discuss with the students that these factors can be classified as financial measurements and non-financial measurement.

<b>Competency 18.0</b>	:	<b>Prepares a business plan to start and expand a business.</b>
<b>Competency Level 18.6</b>	:	Evaluates the feasibility of the business idea according to the business plan
<b>No of Periods</b>	:	05

**Learning Outcomes:**

- Explains what the analysis of financial and non-financial statements are.
- Explains the non-financial criteria used in financial statement analysis.
- Lists the financial criteria used in financial statement analysis.
- Comes to conclusions about a business according to the analysis of financial and non-financial criteria.

**Instructions for Lesson Planning :**

- Inquire whether the business you have considered is successful. or un-successful from the groups of students relevant to the business plan. By requiring on which factors dis they decided so, write their responses and display board

Examples :

- Having obtain of a net profit
  - Having excess money in the business
  - Having obtained a higher revenue.
  - Continuous production /operational process
  - Payment of higher salary to employees
  - Having satisfied employees
  - Having a proper management
- Explain students, that according to the business plan it can be decided whether the business is being reached to the expected level while conducting the business activities and that these information can be disclose through the financial and non-financial reports of the business.
- That conclusion can be made using various criteria at analyzing the financial reports.

Examples : Break-even point analysis

- That various conclusions can be made regarding the business through non-financial criteria as well.

Examples : \* Are there raw materials?

- Has it been conducted in eco-friendly manner?

### A Guideline to Explain Subject Matters

- The evaluation done using the information included in the financial statements prepared at the end of a financial period is known as the analysis of financial statements.
- In analyzing the financial reports, financial measurements are used.

Example : Break Even Point Analysis

## Break-Even Graph

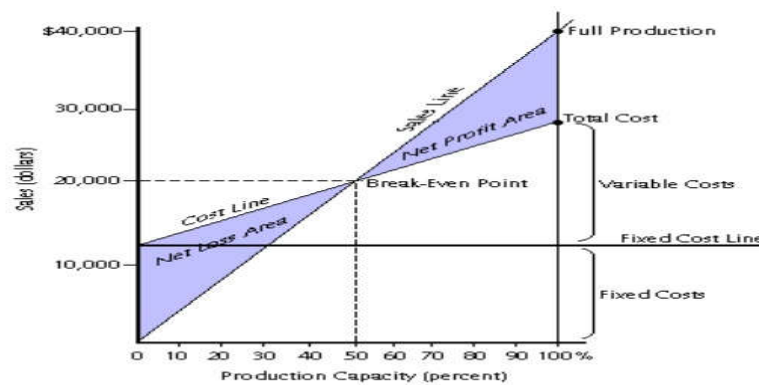


Figure 1  
A Break-Even  
Graph

- What non-financial criteria are used in analyzing non-financial reports.
  - Is there raw materials?
  - Are there raw materials for the expected business?  
Can they be acquired in required quantity at required time?
  - Otherwise it is a problem to continue the business.
  - Can the expected business be implemented?
  - Is it possible to start and conduct it in accordance with the plan?
  - Is the required environment ready?
    - Are they under legal conditions?
    - Eco-friendliness

It is important to examine the eco-friendliness. The environmental protection process should be analyzed through examining about the usage of eco-friendly materials, and disposal of garbage.

- The concept of corporate social Responsibility (CSR) is important here.



- According to the concept of corporate social responsibility, the businesses, which by turning towards an optimum process of reducing the wastage and environmental pollution and by sponsoring for various programs, act to obtain optimum benefits out of human resources and act on behalf of the community and the environment with a responsibility.

Various rules and regulations have been implemented by the government for this.

Examples: Provision of environment protective license. (EPL)

(gas, wastage, sound etc...)

- In this manner by examining an immeasurable value condition in terms of money, the conclusion with regard to businesses can be made.

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**Competency 18.0** : **Prepares a business plan to start and expand a business.**

**Competency Level 18.7** : Prepares the executive summary

No of Periods : 05

**Learning Outcomes:**

- Explains the executive summary
- Points out the importance of the executive summary
- Explain the content of an executive summary.

**Instructions for lesson planning**

- Inquire again from the students about the components that should be included in a business plan as discussed in the competency level 18.1.
- Inquire from the students about the prepared components by now among the components that should be included in a business plan.
- Explain to the students that eventhough the executive summary, the most important component of the business plan, is included in the front of the plan, should be prepared at last after all the other components are prepared.
- Introduce the factors that should be included in an executive summary.
- Explain why an executive summary is important in a business plan.
- Make the students engage in the following activity.
- Lead the same group of the students that have prepared the previous plans, to do this activity as well.

- Imagine an executive summary relevant to your business should be prepare.
- Highlight the facts that should be included in an executive summary through a group discussion. Use the plans that you have made for that.’
- Present your information creatively according to the format given.

- Evaluate the students’ activity
- Create your plan as a pretty booklet by including the marketing, operations, human resource, financial plans and the executive summary that your group has prepared.

### **A guideline to explain subject matters**

- The section in which the basic facts of a business plan are briefly stated is known as the executive summary. This is what presents a summarized important factors of the business to the reader of the business plan. By the time that the executive summary is finished reading by a person who refers to the business plan, the executive summary should succeed in creating a scenario about the business in his mind through the facts included in it. Therefore it has to be prepared in a way to fulfill this purpose. 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. The executive summary should always be brief and attractive.
- The importance of an executive summary.
  - Executive summary creates a fore view about the entire business plan.
  - It gives a guideline about the business plan.
  - It builds up confidence about the business plan.

The details that is included in an executive summary

- Name and the address of the business
- The history of the business
- Vision, Mission, Goals, Objectives of the business.
- Good or service that is manufactured.
- The market where the business should compete.
- The reasons to make business successful and the reasons for obtaining advantages from competition
- The main management group.
- Total investment – the amount the businessman invest.
- Expected amount of credit.

**The Executive Summary**

- The name of the business : - .....
- The names of the owners : - 1. ....  
2. ....
- Addresses : - 1. ....  
2. ....
- The vision of the business : .....
- The mission statement  
.....  
.....
- Total Investment  
.....  
.....
- The good/service manufactured  
.....  
.....
- The market that the business has to compete.
- The main management group
- Total Investment  
Existing .....  
Proposed .....
- Expected bank loans

## preference

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