CHAPTER: 5 (a) PRODUCTION MANAGEMENT. 18/08/2020

3

Meaning: Production implies the creation of goods and services to satisfy human wants. It involves the transformation of inputs (resources) into (outputs). Any process involving the conversion of raw materials and component parts into finished products may be called production.

Def: According to E.L. Brech: "Production Management is the process of effective planning and regulating the operations of that section of an enterprise which is responsible for the actual transformation of materials into finished products."

Production Function:

Production function may be defined as the creation of useful products for sale with the help of materials, machinery, labour, capital and management. The production function denotes basically a physical relationship between inputs and outputs.

(i) Manufacturing Function:→ It includes decisions such as selection of factory, its location, design and layout, type of products to be produced, research, development and design of the product.

(ii) Ancilliary function:→ It relates to production planning and control, maintenance, purchasing, store-keeping and material handling.

(iii) Advisory Function: It includes work study, method study, operational research, inspection and quality control.

PRODUCTIVITY:→ It is the relationship between inputs (resources) and outputs (goods and services) is known as productivity. There is reciprocal relationship between cost and productivity. Productivity measures the efficiency of the production system.

$$\text{Productivity (P)} = \frac{\text{Output (O)}}{\text{Input (I)}}$$

It is the ratio between output and input.

Productivity depends upon different factors such as (4)

(1) Human factors: (a) Ability to work (b) willingness to work.

(2) Technological Factors: (i) size of Plant capacity (ii) Timely supply of materials and fuel (iii) Repairs and maintenance. (iv) Production, Planning and control, (v) Plant layout and location. (vi) Material handling system, (vii) Inventory control.

Techniques of Productivity (i) work Study, (ii) Research and development, (iii) Incentive system, (iv) PPC, (v) worker's Participation in Management (vi) Automation (vii) Management by objectives (MBO).

Quality control: → Quality may be defined as the sumtotal of features of a product which influences its capacity to satisfy a given need. Quality control is an overall function designed to ensure that manufactured products meet meaningful specifications.

Quality control may be defined as a an effective system for integrating the quality development, quality maintenance, and quality improvement effects of the various groups in an organization so as to enable production and service at the most economical levels which allow the full customer satisfaction.

Quality control involves inspection of raw materials, parts, tools and finished goods.

Areas of quality control: →
(a) Supplier quality assurance, (b) In process control, (c) Post mortem inspection.

PRODUCTION, PLANNING AND CONTROL: (PPC)

It is an important function of Production manager. Production Planning is a preproduction activity involving arranging facilities and designing the production system. It is based on sales commitments as to quantity, delivery dates, price, quality etc.

production control involves implementation of production plans or schedules by coordinating different activities.

Importance of PPC

(1) For increasing Production, (2) For Co-ordinating Plant Activity. (3) For cost control. (4) For Rationalisation of Production Activities. (5) Consumers.

Techniques of PPC

(1) Planning → It is deciding in advance what is to be done in future. (Estimating) It involves deciding the quantity of output to be produced and the cost involved.

(2) Routing :→ It is the process of determining the sequence of operations to be performed in the production process.

(3) Scheduling :→ It is the determining of time and date when each operation is to be commenced and completed.

(4) Dispatching / Implementing :→ It refers to the process of actually ordering the work to be done. It involves putting the plan into effect by issuing orders.

(5) Follow up or Expediting :→ It is related to evaluation and appraisal of work performed.

(6) Inspection :→ The purpose of inspection is to see whether the products manufactured are of requisite quality or not.

Chapter-5 (b)

Inventory Management / Inventory Control.

The word inventory is originated from french word 'Inventire' & Latin word "Invantiorum" which means things found.

Inventory may be defined as "usable but idle resources."

Inventory is also known as idle resources as long as it is not utilised.

The term 'inventory' refers to the stock of raw materials, parts and finished products held by a business firm. It is the aggregate quantity of materials, resources and

goods that are idle at a given point of time.
Inventory consists of the following:
(a) Raw Materials, (b) work-in-Progress, i,e, Semi-finished goods.
(c) finished products, (d) maintenance & spare parts.
(e) Consumable supplies.

Need for Inventory Management →

(a) To carry on the day-to-day operations of business.
(b) To ensure regular production
(c) To maintain a Safety margin.
(d) To take advantage of price.
(e) To maintain the overall investment in inventory.
(f) It helps reduces material handling cost.
(g) It facilitates the product display and service to customers.
(h) To minimise risk of loss due to obsolescence, detoriation, etc.

Techniques of Inventory Control: →

1. E.O.Q (Economic ordering Quantity) → It means order should be placed at a time. It is the level of inventory order of which inventory cost is minimum.

$$EOQ = \sqrt{\frac{2CO}{I}}$$

C = Annual consumption
O = ordering cost / Cost of Placing an order.
I = Interest.

2. Level Setting:
   (a) Minimum. Level
   (b) Maximum Level.
   (c) Reorder Level
   (d) Safety Stock Level
   (e) Average Stock Level

3. ABC Analysis: → (Always Better Control)
   A = High grade
   B = Medium Grade
   C = Low Grade

(7)

(4) FSN Analysisis: Fast Moving (F) Slow Moving (S) Non-moving items (N).

(5) VED Analysis: → Vital (V) Essential (E) D (Desirable).

(6) SDE Analysis: → S (Scarce items).
D (Difficult items).
E (Easily available item).

(7) SOS Analysis: → Seasenal items (S)
OS (off seasenal items).

(8) JIT. (Just in time): → It is a technique purchase of goods such a way that delivery of purchase item is arrived before their use.

(9) Perpetual Inventroy control: → It means continuous stock checking with physical stocks.

CHAPTER: 5 (C) FINANCIAL MANAGEMENT

In business there are Two types of Capital. Such as

(1) Fixed Capital

(2) Working Capital.

Fixed Capital: → It is the amount of money invested
in fixed assets like land, building, machinery etc.
Fixed Capital is required to finance the fixed
assets. It is helpful to generate (income) for
the business. It is also known as block capital or
permanent capital.

Working Capital: → The amount of money invested by
the business in the current assets and to meet
to day to day expenses is known as working capital.
It is also known as circulting or short term capital.

Def: **According to Shubin** "Working capital is the
amount of funds for necessary to cover the cost
of operating the enterprise."

In simple words, working capital is the excess of
current assets over current liabilities.

$$\boxed{WC = CA - CL}$$

Concepts working capital:

(i) Gross Working capital.

(ii) Net working capital.

Gross working capital: → It is working capital is
capital invested in total current assets of the
enterprise.

Net working capital: → It is the working capital
excess of current assets over current liabilities.

2

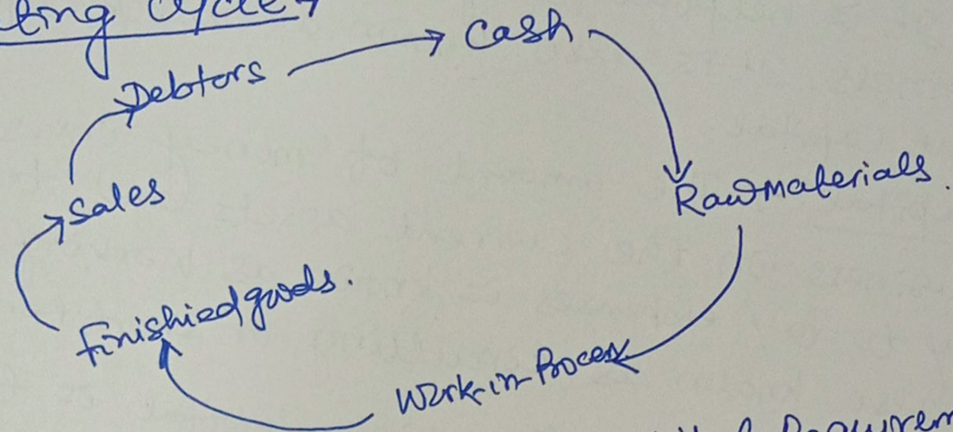
Current Assets;

(a) Cash in hand and bank balances.
(b) Bills Receivables.
(c) Sundry Debtors
(d) Short term loans and advances.
(e) Inventories / cost
(f) Temporary investments.
(g) Prepaid Expenses.
(h) Accrued Incomes.

Current Liabilities

(a) Bills Payable
(b) Sundry creditors.
(c) outstanding Expenses.
(d) Dividends Payable.
(e) Bank overdraft.
(f) Prov. for Taxation.

operating cycle →



Factors Determining working Capital Requirements:

1. Nature or Character of Business.
2. Size of Business.
3. Production Policy.
4. Manufacturing Process.
5. Seasonal Variation.
6. working Capital cycle.
7. Rate of stock Turnover.
8. Credit Policy.
9. Business cycle.
10. Rate of growth of Business.
11. Earning Capicity and dividend Policy.
12. Price Level changes.

MANAGEMENT OF WORKING CAPITAL: →

1. **Principle of Risk Variation:** → Risk here refers to the inability of a firm to meet its obligations as and when they become due for payment. In other words, there is a definite inverse relationship between the degree of risk and profitability.

2- **Principle of Cost of Capital :→** The various sources of raising working capital finance have different cost of capital and the degree of risk involved. It is the rate of return that a firm must earn on its project investments to maintain its market value and attract funds. It is the minimum rate of return that a firm must earn on its investment for the market value of a firm to remain unchanged.

3- **Principles of Equity Position :→** This principle is concerned with planning the total investment in current assets. According to this principle, the amount of working capital invested in each component should be adequately justified by a firm's equity position.

4- **Principles of Maturity of Payment :→** This principle concerned with planning the sources of finance for working capital. According to this principle, a firm should make every effort to relate maturities of payment to its flow of internally generated funds.

BREAK EVEN ANALYSIS :

It is also known as Cost-volume - Profit Analysis. It is also known as "NO Profit NO Loss". But in In narrow sense it means broad sense, to study the relationship between cost-volume-Profit at different levels of production. It is also known as 'Critical Point', 'Equilibirium Point', 'Balancing Point'. In this point, total cost is equall to total revenue.

Formula for Calculation of B.E.P Point

(a) Break Even Point (in units) $= \dfrac{\text{Fixed Costs}}{\text{Selling Price per unit} - \text{Variable Cost Per unit}}$

(b) B.E.P (Sales volume) $= \dfrac{F.C}{P/V \text{ Ratio}}$

$P/V \text{ Ratio} = \dfrac{C}{S} \times 100$

C = Contribution (Sales - V.C)
S = Sales.

COSTING / COST ACCOUNTING

Cost Accounting is the classifying, recording and appropriate allocation of expenditure for the determination of the costs of Products or services, and for the presentation of suitably arranged data for purposes of control and guidance of management.

Scope of Cost Accountancy:→

(i) Cost Ascertainment (ii) Cost Accounting (iii) Cost Control.

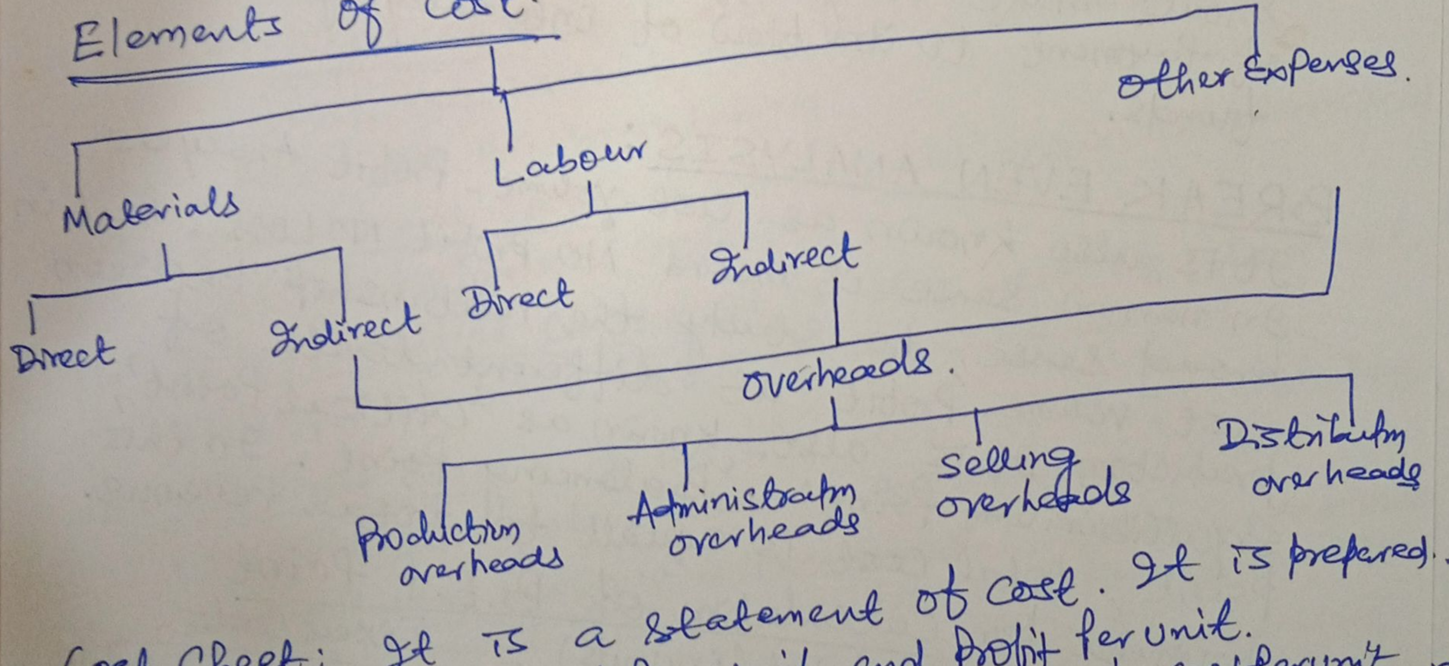
Methods of costing→

(i) Job costing, (ii) Contract costing, (iii) Batch costing (iv) Process costing. (v) Unit/output costing (vi) Service costing, (vii) operation costing.

Techniques of Costing→

1- Uniform costing 2- Marginal costing, 3- Standard Costing, 4- Historical costing. 5- Direct costing 6- Absorption costing.

Elements of Cost.



Cost Sheet: It is a statement of cost. It is prepared to find out cost per unit and Profit Per unit.

	T.C Rs	cost per unit Rs.
Direct Materials.	—	—
Direct Labour.	—	—
Direct Expenses	—	—
Prime cost	—	—
Add: Works ~~cost~~ overheads.	—	—
Works cost		

	T.C Rs	C.P.U Rs
Works cost	—	—
Add: Administrative overheads.	—	—
Cost of Production	—	—
Add: Selling and Distribution overheads.	—	—
Total cost/ Cost of Sales	—	—
Add: Profit		
Sales.		

COST CONCEPTS:→

1. **Cost**:→ It is the amount of resources given up in exchange for some goods or services.
2. **Expense**:→ Expenses are costs which have been applied against revenue of particular accounting period in accordance with the principle of matching cost to revenue.
3. **Loss**:→ It represents diminuation in ownership equity other than from withdrawal of capital for which no compensating value has been received, i.e, destruction of property by fire.
4. **Cost Centre**:→ A cost centre is the smallest segment of activity or area or responsibility for which costs are accumulated.
5. **Profit Centre**:→ A profit centre is that segment of activity of a business which is responsible for both revenue and expenses and discloses the profit of a particular segment of activity.
6. **Cost Driver**:→ A cost driver is any factor that influences costs.

7. Conversion Cost :→ It is the sum of direct wages, direct expenses and overhead costs of converting raw material from one stage of production to the next. In other words, conversion costs is work cost minus the cost of direct materials.

8- Contribution Margin :→ This is the excess of sales price over variable costs.

9- Carrying costs :→ It is also known as holding costs, are basically the costs incurred on the maintenance of inventory.

10- out of stock cost :→ This cost takes place when a stock shortage occurs and includes loss of sales.

11- ordering cost → These costs are incurred each time an order for the purchase of material is placed and are expressed as rupee cost per order.

12. Development Cost :→ It is the cost of the process which begins with the implementation of the decision to produce or improved method.

13. Policy cost → It is the cost which is in addition to normal requirement, incurred in accordance with the policy of an undertaking.

14. Discretionary costs :→ It is also known as managed costs or programmed costs.

15. Idle Facilities Cost :→ It is the cost of abnormal idleness of fixed assets or available services.

16. Expired Cost :→ It is the cost which is related to the current period as an expenses or loss.

17. Incremental Revenue :→ Incremental revenue reflects the difference in revenue between two alternatives.

18. Added value :→ It is the change in market value resulting from an alteration in the form, location or availability of a product or service excluding the cost of bought out materials or services.

19. Urgent Costs:→ These costs are to be incurred immediately in order to avoid the hampering of Production line.

20. Postponable Costs:→ Such Costs can be postponed or shifted to the future period generally without any effect on the efficiency of Current ~~position~~ operations.

ACCOUNTING TERMINOLOGIES:→

1- ACCOUNT:→ An account is a statement which shows all the transactions relating to a particular item during aperiod of time.

2- Accounting:→ It is a means collecting, summarising, analysing and reporting in monetary terms, information about the business.

3. Bookkeeping:→ It is a process of recording business events in a systematic manner. It involves recording of transctions.

4. Accountancy:→ It refers to a systematised knowledge of accounting.

5. Journal:→ It is the books of prime entry. It means day book. It records daily transctions. ~~It is~~ Called also daily record. A book for chronological record of daily transctions.

6. Ledger:→ It is the principal book. It contains all accounts, i,e, assets, liabilities, Capital, revenue, expenses It is called book of final entry. Ledger is a book containing all the accounts of a business organization in a summarised and classified form.

7. Trial Balance:→ It is an abstract or list of the ledger accounts at a specified date, showing debit and Credit totals for all the accounts. It is prepared to know the arthimetical accuracy in the books of accounts.

8- CASH BOOK → It consists of cash and bank accounts taken out of ledger and maintained separetly. A book to record all cash receipts and cash payments.

9. Petty Cash Book :→ It is usual for business units to maintain a separate cash book to record small payments only. Such cash book is known as petty cash book.

10. Trading Accounts :→ It is prepared to know the trading results like gross profits or gross loss.

11. Profit and Loss Accounts :→ It is prepared to know net profit or net loss during an accounting period. It shows all indirect expenses and incomes.

12. Balance Sheet :→ It is a summary statement shows the financial position of an organisation on a particular date. It should shows assets and liabilities position of an organisation.

CHAPTER: 5: (d) MARKETING MANAGEMENT.

Meaning of Market:
The word 'Market' is derived from the latin word 'Marcatus' which means merchandise, ware, traffic, trade or a place where business is conducted. It is usually used to refer to a place where actual buying and selling takes place.

Definition:→ According to American Marketing Association, " At every point at which a specific commodity is concentrated for sale a market is found."

Marketing:→ Marketing is concealed with all the resources in activities involve in the flow of goods and services from the producer to the consumer.

Definition:→ According to American Marketing Association, " defines, " Marketing is the process of planning and executing the conception, promotion, pricing & distribution of idea goods and services create exchange that satisfy organisation objective."

According to P. Kotler, " The marketing concept is a customers orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organisational goals."

Features of Marketing:

1- Marketing is both consumer & competiter oriented.
2- Marketing create place, time & possession utility.
3- Marketing is a concept a point of view and way of thinking.
4- Marketing must deliver goods & services in exchange of money.
5- Marketing is the most important part of management.

6. It starts with consumer & ends with consumer by satisfying their needs.
7. Marketing widenes the market.
8- It increases the national income.
9- It increases the standard of living.
10- It provide gainful employment opportunity.
11- It Provide maximum satisfaction of human wants.

MARKETING MANAGEMENT:

Marketing management usually represents all managerials efforts and functions to operate the marketing concept not only in letter but also in spirit. Marketing management represents an important functional areas of business management efforts for the flow of goods and services from the producers to the consumers. Marketing management has to implement marketing strategies, programmes and campaigns.

Marketing Management Functions

- **Marketing Research and Information**
  1. Marketing information
  2. Marketing Research Projects
  3. Marketing Segmentation.
  4. Distribution cost Analysis.
- **Product and Pricing.**
  1. Product Research
  2. Product Development
  3- Packaging
  4- Branding
  5- Pricing
  6- Waranties
  7- After Sales services
- **Planning & Control.**
  1- Sale Forecasting
  2- Marketing Mix
  3- Annual Marketing Plans.
  4- Budgeting and Control
- **Promotion**
  1- Management Development & control
  2- Advertising & Publicity.
  3- Sales Promotion devices
  4. Exhibition, Tradefair
  5. Public Relations.
  6. Govt. Relations
- **Distribution**
  1- Channels of distribution.
  2- Transport.
  3- Warehousing
  4- Insurance
  5- Order Processing
  5- Inventory Control.

MARKETING CONCEPT:→

1. The Production Concept:→ This concept emphasis on production and assumes that consumers will always respond to products that are made available to them.

2. The Product Concept:→ This concept assumes that the consumers will respond favourably to the best quality products that are reasonably priced.

3. The Sales Concept:→ The selling concept assumes that the consumers will generally not buy enough of the firm's products unless their interest is stimulated in its products through substantial selling and promotional activities.

4. The Marketing Concept:→ The essence of the marketing concept is that the customer and not the product is the centre of entire business activity.

5. The Social Marketing concept:→ The Societal marketing concept aims at serving the target markets in such a way as to deliver not only maximum customer's and Society's well being.

6. The Exchange orientation concept:→ Marketing does involve exchange of a product between a seller and a buyer usually based on money.

NEW CONCEPT'S OF MARKETING→

1. Relationship Concept:→ Relationship marketing is the process of building long term, trusting, win-win relationship with customers, distributors, dealers and suppliers. It promises and deliver high quality efficient services and fair prices to the other party over time.

2. Mass Marketing concept:→ These techniques were invented to sell the mass produced goods when the industrial revolution took off. Mass produced uniform quality products, offered to large number of buyers, allowed companies to reap economies of Scale.

3- <u>Niche Marketing</u> → It is a techniques of marketing where marketer plays a specialist role in a particular segment.

Exp: (a) <u>Quality Specialist</u> :→ HewLett-Packard specialists in the high quality, high priced calculator market.

(b) <u>Service Specialist</u> :→ coperative banks can provide special types of loans to its members.

(c) <u>Product Line Specialists</u> :→ Laboratory equipment industry, there are firms that produces only microscopes.

4- <u>Strategic Marketing</u> → It is decision making process that involves the analysis of internal capabilities and external environments of a firm in order to efficiently and effectively use of marketing resources to achieve organisational objectives.

Difference between Marketing and Selling

Marketing	Selling.
1. It emphasis on customer's needs and wants.	1 It emphasis on the product and the need and interest of the seller.
2- The primary motive is customer satisfaction.	2- Sales the primary motive.
3. Planning is long term oriented.	3. Planning is the short term oriented.
4. External market segmentation	4- Internal, company oriented.
5- Consumer determines the price and price determines the cost	5. Cost determines the price.
6. Marketing overall a whole process.	6- Selling is a part of marketing process.

CONCEPTS 4 'P'

Marketing Mix : The combination of marketing methods or devices is known as the marketing mix.

4 'P's VS 4 'C's

1) Product - Customer needs/wants.
2) Price - Cost to customer.
3) Place - Convenience.
4) Promotion - Communication.

CHAPTER: 5: (e) HUMAN RESOURCES MANAGEMENT
(Human Resources Mgt)

Meaning of HRM:

In common parlance, human resources means people. However different management experts have defined human resources differently.

Def: According to Fillipo, "Human resource management is the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organisational and social objectives as accomplished."

Thus, HRM can be defined as a process of procuring, developing and maintaining competent human resources in the organisation so that the goals of an organisation are achieved in an effective and efficient manner.

FUNCTIONS OF PERSONNEL MANAGEMENT:

(a) Managerial Functions:-
(i) Planning, (ii) organising & (iii) Directing, (iv) Controlling.

(b) operative Functions:→
1. Procurement Function: (a) Job Analysis, (b) Human Resource Planning, (c) Recruitment (d) selection, (e) Placement (f) Induction or orientation.
2. Development Function: (a) Performance Appraisal (b) Training and development (c) Executive development, (d) Career Planning
3. Compensation Function:→ (a) Job evaluation, (b) Wages and Salary Administration, (c) Bonus.
4. Integration function:→ It involves motivating employees through various financial and non-financial incentives.
5. Maintenance Function:→ It is concerned with protecting and promoting the physical and mental health of employees. For example: fringe benefits like medical aid, education facilities etc.

RECRUITMENT:

Meaning: It is the process of identifying the sources of potential employees and encouraging them to apply for jobs in the organisation. It is the process of searching for and obtaining applicants for jobs so that the right people in right number can be selected.

Def: According to Flippo, has defined recruitment as a "a process of searching for prospective employees and stimulating and encouraging them ~~for~~ to apply for jobs in an organisation."

According to Dalton E. McFarland, "The term recruitment applies to the process of attracting potential employees to the company."

Sources of Recruitment:

1. Internal Sources: It consist of Personnel already working in the enterprise. It is through transfer and promotion of employees.
2. External Sources: →

(a) Advertising

(b) Personnel consultants.

(c) Educational institutions. / Campus interview.

(d) Employment Exchanges.

(e) Jobbers and Contractors.

(f) Employee referrals.

(g) Leasing

(h) Gate Recruitment - For unskilled workers.

(i) Casual Callers (Walk-ins)

14/04/2020

CHAPTER :5 (e) SELECTION

Meaning:→ Selection is a process of matching the qualifications of applicants with the job requirements. Selection is hiring the best candidate from the applicatio[n]. It refers to the process of offering jobs to one or more applicants/candidates from the applications received through recruitment.

Def: According Robbins, "Selection defined as a managerial decision making process as to predict which job applicants will be successful hired."

According to Koontz "Selection is the process of choosing from among the candidates from within the organisation or from the outside, the most suitable person for the current position or for the future position."

According to Stone, "Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job."

Selection Procedure/Methods of selection:

1. **Preliminary Interview:→** It provides basic information about candidates. The purpose is to eliminate the totally ~~un~~unsuitable candidates.
2. **Application Bank:** It simply a application form ask candidate to give detailed information about qualification, experience, salary drawn, etc.
3. **Selection Test:→** It is an important device in the process of selection. These are used to measure such skills and abilities which are needed for efficient performance of the job. There are different types of tests are conducted for selection of applicants. These are as follows:

(a) **Intelligence Tests:→** These tests are used to judge the mental ability of the candidates.

The level of intelligence is measured in terms of intelligence quotient (I.Q). ④

(b) Appitude Tests:→ These tests are used to measure a Candidate's capacity and bent of mind to acqure necessary skills in future.

(c) Proficiency Tests:→ It is designed to measure the skills and abilities which a Candidate already possesses.

(d) Interest Tests:→ The purpose of these tests is to measure a candidate's interest (like ~~and~~ dislike) in a particular kind of work.

(e) Personality Tests:→ It implies the totality of an individual's emotional and behaviour set-up.

4. Employment interview:→ Personal interview is the most widely used method for selecting employees. It is a face-to-face talk between the employer and the candidate.

5. Checking References: These are usually required to provide some references, i,e, names, educational back-ground, experience, ability, character etc

6. Group Discussion:→ Under this method, several candidates are brought together and given a topic for discussion.

7. Physical Examination: It is also know as medical examination of candidates is carried out to ascertain his physical fitness for the job. A proper medical examination will ensure high standards of health and physical fitness of the employees.

8. Final Approval:→ The candidates short listed by the department are finally approved by the executives of the concerned departments. Employment is offered in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions in brief.

14/04/2020 CHAPTER: 5 (e) TRAINING

R.K. CHOUDHURY
LECT(MOM).
G.P. BBSR

Meaning: → Training is an organised process for increasing the knowledge and skills of people for doing a particular job. It is a learning process involving the acquisition of skills and attitudes. Training is the process of teaching the new/or present employees the basic skills they need to effectively perform their jobs.

Def: According to Edwin B. Flippo, "training is the act of increasing the knowledge and skills of an employee for doing a particular job."

Need for Training: →

1- New Environment.
2- Lack of Trained Personnel.
3- Advancements in Technology.
4- Faulty methods.
5- Prevention of Accidents.
6- Career Development.
7- organizational viability.
8- Internal mobility.

Methods of Training:

1- On-the-Job-Training: In this method, the trainee is placed on regular job and taught the skills necessary to perform it. It involves learning by doing.

(a) Experience: → It is the oldest methods of on-the-job training.

(b) Coaching and Counselling → Under this method, the senior or superior plays the role of the guide and instructor of the management trainee. He provides personal instruction and guidance.

(c) Under study method: → When a person is promoted to higher level he is given training in the job to which he is to be appointed. The trainee is attached with the senior and is called as understudy.

(d) Position Rotation :→ It is the process of training ⑥
executives by rotating them through a series of related
jobs or positions. The trainee learns several different
jobs within a work unit or department.
(e) Special Projects and Task Forces :→ Under this method
the trainee is assigned a project closely related to
his job.
(f) Committee Assignments :→ Under this method, the trainee
managers are appointed as members of the committee.
The committee deliberates upon and discuss problems of
the enterprise.
2. Off-the-Job Training :→ Under this method, the
trainee learns outside the job and devotes whole
time on learnings.
(a) Selected Readings :→ This is a self improvement
programme acquire knowledge through reading professional
journals, and magazines.
(b) Conferences and Seminars :→ In this method, partici-
pants are required to pool their ideas, viewpoints and
suggestions.
(c) Special Courses and Lectures :→ These are designed
by the company itself or by management schools.
Companies sponser their executives to attend these
courses.
(d) Case Study Method :→ The case study method of
executive development was developed at the Havard Business
School, U.S.A. It was developed as a supplement to
lectur method.
(e) Brain Storming :→ Under this method, a problem is
put before a group of trainees and they are encouraged
to offer ideas or suggestions.
(f) Role Playing :→ Under this method, two or more
trainees spontaneously act out or play role in an
artificially created situation. They act out the
given roles as they would be playing in real
life situation.

(g) **Management Games:** → Under this method, an actual business situation is presented as a model. The participants compete with each other to analyse the problem and to take decisions.

(h) **Vestibule Training:** → In this method, a training centre called vestibule is set up and actual job conditions stimulated in it. Expert trainers are employed to provide training with the help of equipment and machines which are identical with those in use at the workplace.

(i) **Apprenticeship Training:** → In this method, theoretical and practical learning are provided to trainees in training institutes after completion of course.

(j) **Internship Training:** → It is a joint programme of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period.

(k) **E-learning:** → Business firms are increasingly using electronic technology for training. E-learning methods includes internet, satellite broadcasts, virtual classrooms and digital collaboration between trainees.

PERFORMANCE APPRAISAL: → (Merit Rating)

Meaning: → Appraisal refers to the rating or evaluation of the worth, merit or effectiveness. Performance appraisal implies the formal and systematic evaluation of performance on the job. Performance refers to the degree of accomplishment of the tasks and it is measured in terms of results.

Def: **According to FLIPPO,** "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and of his potentialities for a better job."

Need of Performance Appraisal:

(a) TO determine the effectiveness of employees on their present jobs so as to decide their benefits.

(b) TO identify~~ing~~ the shortcomings of employees so as to overcome them through systematic guidance and training.

(c) TO find out their potential for promotion and advancement.

(d) TO judge the effectiveness of selection and Placement.

(e) TO reveals whether the managers know their tasks and how well they are performing.

(f) TO facilitates human resource planning, career planning and succession planning.

MANPOWER PLANNING: / HUMAN RESOURCE PLANNING

It is the process by which a firm ensures that it has the right number of people, and the right kind of people at the right time, doing things in the organisation. It is the process of forecasting needs for manpower and developing appropriate policies and programmes to meed the needs.

According E. B. FiliPPO, "An executive manpower planning programme may be defined as an appraisal of an organisation's ability to perpetuate itself with respect to its management as a determination of measures necessary to provide the essential executive talent."

Methods of Payment of Wages:

1. Time wage System: Under this System, wages are paid on the basis of time spent on the job irrespective of the amount of work done.
2. Piece wage system: (Payment by Result). Under this System, remuneration is based on the amount of work done or output of a worker. Thus, a workman is paid in direct proportion to his output.
3. Balance or Debt Method: → This method is a combination of time and Piece wage systems. The worker is guarnteed a time rate within an alternative piece Rate.

(1) Minimum wage: → It is that wage which is sufficient to cover the bare physical needs of a worker and his family.

(2) Fair wage: → It is something more than the minimum wage providing the bare necessities of life. Fair wage is a step toward the ideal of living wage.

(3) Living wage: → It is the wage that provides, in addition to the necessities of life, certain amenities considered necessary for the well being of the worker in a particular society. Exp: education for children, Protection against health etc.