

NCERT SOLUTIONS

CLASS - 12th



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Subject : Business Studies

Chapter : 4

Chapter Name : Planning

Q1 How does planning provide direction?

Answer. Planning helps in deciding in advance what a firm has to do, how to do, who will do it and when to do a task. Thus it helps in setting the directions for taking various necessary actions. Planning involves setting objectives and developing an appropriate course of action to achieve these objectives.

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Q2 A company wants to increase its market share from the present 10% to 25% to have a dominant position in the market by the end of the next financial year. Ms Rajni, the sales manager has been asked to prepare a proposal that will outline the options available for achieving this objective. Her report included the following options - entering new markets, expanding the product range offered to customers, using sales promotion techniques such as giving rebates, discounts or increasing the budget for advertising activities. Which step of the planning process has been performed by Ms Rajni?

Answer. The part of planning process which is required to be performed by Ms. Rajni is 'Identifying alternative courses of action'. Under this step, a firm has to develop alternative ways of doing a particular task to achieve the organisational objectives effectively and efficiently. The course of action which may be taken could be either routine or innovative. All the alternatives are then discussed thoroughly to adopt the best suitable course of action.

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Q3 Why are rules considered to be plans?

Answer. Rules are specific statements that inform what is to be done and provides strict guidelines for action. They do not allow for any flexibility or discretion. They are considered to be plans because rules provides guidelines for the employees as to what they are supposed to do and what they can't do.

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Q4 Rama Stationery Mart has made a decision to make all the payments by e-transfers only. Identify the type of plan adopted by Rama Stationery Mart.

Answer. The type of plan adopted by Rama stationary mart is a policy. These are the general statements which channelizes the energies of the organisation in a particular direction. It provide a basis for interpreting the strategies.

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Q5 Can planning work in a changing environment? Give a reason to justify your answer.

Answer. Planning may not work in a changing environment. Planning refers to the formulation of a set of principles and rules and ways of doing tasks and running an organisation. However these rules may prove to be irrelevant in case the external environment changes. Since the environment is fast changing, thus planning may fail to adapt all the changes and thus, there may be obstacles in effective planning.

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Q1 What are the main aspects in the definition of planning?

Answer. Planning refers to the process of deciding in advance what to do, how to do, when to do and who will do it. It is a mental activity which has the following essential features - The main points in the definition of planning are as follows

- It is one of the basic managerial functions which serves as a basis for other functions.
- Planning involves setting objectives and developing an appropriate course of action to achieve these objectives.
- It bridges the gap between where we are and where we want to reach.
- It is a mental exercise performed by all the managers at their own level in the organisation.
- It helps in formulating future course of action to be taken by the management to survive and grow.
- It aims at formulating alternative course of action and then choosing the best alternative.
- Plans are drawn for a specified fixed time period. They cannot cater to the needs of the organisation for infinite time.

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Q2 If planning involves working out details for the future, why does it not ensure success?

Answer. Planning is done to formulate future course of action so that the firm may be guided as to what it has to do and how it is to be done. However it doesn't guarantee success. Success is possible only when the plans are executed properly and all the people in the organisation work for the fulfilment of the goals laid down in the plan. Sometimes the managers may rely on the previously tried plans which may prove to be insignificant in the changed business environment. Since the business environment is very dynamic, thus the plans may fail to adapt to the changes in the environment and the firm may fail to operate in the changed business environment.

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Q3 What kind of strategic decisions are taken by business organisations?

Answer. Strategies are made by the company to decide the broad outline for the course of action which it is going to adopt in future. The major strategic decisions which the management has to take in the regular course of business includes the following -

→ Whether the organisation will continue to be in the same line of business or combine new lines of activity with the existing business.

→ Whether it has to operate its business in the same market or it has to find a new market for its products.

→ What type of pricing policy should be adopted by the company in order to attract maximum number of customers.

→ The advertisement strategy to be adopted and the costs involved in the advertisement of its products.

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Q4 Planning reduces creativity. Critically comment.(Hint: both the points - Planning promotes innovative ideas and planning reduces creativity – will be given).

Answer. → Planning promotes innovative ideas: Planning is the first function of management and it requires new and innovative ideas to be formulated. New plans help the management in identifying alternative courses of actions. If the ideas are beneficial for the organisation, then they may take the shape of concrete plans.

→ Planning reduces creativity: Planning is generally done by the top management and the power level management has to adopt those plans. They aren't allowed to deviate from the plans drawn by top management nor are they allowed to formulate their own plans. Thus, much of the initiative or creativity inherent in them also gets lost or reduced. Thus it reduces the creativity of the employees as well as the lower level management.

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Q5. In an attempt to cope with Reliance Jio's onslaught in 2018, market leader Bharti Airtel has refreshed its ₹ 149 prepaid plan to offer 2 GB of 3G/4G data per day, twice the amount it offered earlier. Name the type of plan is highlighted in the given example.? State its three dimensions also.

Answer. The type of plan offered by Bharti Airtel to meet the challenge offered by Jio is the strategy. Strategies are made by the company to decide the broad outline for the course of action which it is going to adopt in future. The three dimensions of a strategy are as follows -

1. Determining long term objectives for the organisation.
2. Adopting a particular course of action for achieving these objectives.
3. Allocating resources which are necessary to achieve these objectives.

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Q6 State the type of plan and state whether they are Single use or Standing plan:

- a. A type of plan which serves as a controlling device as well.
- b. A plan based on research and analysis and is concerned with physical and technical tasks.

Answer.

1. The budget is the type of plan which serves as a controlling device. It is the statement made by the company which is expressed in numerical terms. It is the quantitative statement of expected income and expenditure of the company for a financial year. It is based on facts and figures. For example, a company may formulate their sales budget for estimating the sales of the company for various time periods.
2. Method is the plan based on research and analysis. It provide the prescribed way or manner in which a task has to be performed considering the objective. Method takes into account a part of the procedure and specifies how this step is to be performed. Selection of proper methods saves time, money and effort and increases efficiency. The company may adopt a particular method for the training of its employees working at different levels.

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Q1 Why is it that organisations are not always able to accomplish all their objectives?

Answer. Organisations are not always able to accomplish all their objectives due to the following reasons

→ Planning Leads to Rigidity : An organisation draws plans for a specified time period defining the specific objectives it aims to achieve within that time frame. These plans decide the course of action to be undertaken and the managers may not be able to change these plans. Thus it leads to rigidity.

→ Planning May not Work in a Dynamic Environment : The business environment is very dynamic and fast changing. Thus the firms have to adapt to all these changes. However, plans decide in advance what has to be done in future and thus it don't allow for any flexibility. Planning cannot foresee everything and thus it may fail when there are vast changes in the environment.

→ Planning Reduces Creativity : Planning is generally done by the top management and the power level management has to adopt those plans. They aren't allowed to deviate from the plans drawn by top management nor are they allowed to formulate their own plans. Thus, much of the initiative or creativity inherent in them also gets lost or reduced. Thus it reduces the creativity of the employees as well as the lower level management.

→ Planning Involves Huge Costs : Planning involves huge amounts of costs in terms of time, money and efforts. It is a rigorous mental exercise to be made and implemented carefully. Sometimes, it may not yield good results.

→ Planning is a Time Consuming Process : Planning is a very time consuming process and it takes a lot of time in drawing and implementing the plans. Sometimes it may take a lot of time in planning that there is not much time left for their implementation and the objectives to be achieved.

→ Planning does not Guarantee Success : Planning is done to formulate future course of action so that the firm may be guided as to what it has to do and how it is to be done. However it doesn't guarantee success. Success is possible only when the plans are executed properly and all the people in the organisation work for the fulfilment of the goals laid down in the plan. Sometimes the managers may rely on the previously tried plans which may prove to be insignificant in the changed business environment.

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Q2 What are the steps taken by management in the planning process?

Answer. The planning process involves the following steps

- Establishing Objectives : The first step in the planning process is setting objectives. These are the benchmarks where the firm wants to reach at a future date. The objectives must be realistic and feasible so that proper steps may be taken to achieve them.
- Developing Premises : Since planning deals with future which is uncertain, thus certain basic assumptions are to be made for successful planning. These assumptions are termed as premises. They provide an idea about the future which facilitates planning.
- Identifying the Alternative Courses of Action : After the objectives have been designed and premises are made, the next step is to identify all the alternative courses of action. The next step in planning is to identify the various alternatives available to achieve the objectives.
- Evaluating Alternative Courses : After all the alternative courses of actions have been identified, then they are evaluated by the management for their pros and cons. Their merits and demerits are discussed and feasibility test is conducted.
- Selecting an Alternative : After evaluating all the alternatives for their pros and cons, the alternative having least demerits and most merits is selected. It is essential to increase the efficiency in the organisation by maximising output and profits at the minimum costs.
- Implement the Alternative : After selecting the suitable alternative for the company, the management has to implement it in such a way that it maximises the productivity of the organisation.
- Follow Up Action - After implementation of the best alternative, it is equally important to check back whether the plan is giving adequate results or not. This helps in controlling the performance of the organisation as a whole.

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Q3 An auto company C Ltd. is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. C Ltd. realized that it needs to take steps immediately to improve its market standing in the future. For quality conscious consumers, C Limited plans to introduce new models with added features and new technological advancements. The company has formed a team with representatives from all the levels of management. This team will brainstorm and will determine the steps that will be adopted by the organisation for implementing the above strategy. Explain the features of Planning highlighted in the situation given below. (Hint: Planning is pervasive, Planning is futuristic and Planning is a mental exercise).

Answer. The following are the features of planning highlighted in the above case -

→ Planning is Pervasive : Planning is done by the top management. However it is not restricted to the top management. It is required at all levels of management as well as in all departments of the organisations. Middle management does the departmental planning. At the lowest level, supervisors work on the day-to-day operational planning.

→ Planning is Futuristic : Planning is done for a future period to cope with the threats which may arise in future and encash future prospective opportunities. Thus it includes looking into the future and analysing it for the benefit of the company.

→ Planning is a Mental Exercise : Planning isn't a physical task but it is a mental exercise which is undertaken by the management of the organisation. It involves intellectual thinking rather than doing, because planning determines the action to be taken. Logical thinking only can help in planning.

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