Business Studies Part I

Class XII

NCERT

Textbook for Class XII

Business Studies Part I

Principles and Functions of Management

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CLASS- XI th COMMERCE

SUB - BUSINESS STUDIES

Date - 13/07/2021 - 17/07/2021

Chapter - 4. BUSINESS SERVICES

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Short Answer Type Questions

1. What are the main points in the definition of planning?

Ans: The main points in the definition of planning are as follows

(i) Planning is deciding in advance what to do and how to do.

(ii) It is one of the basic managerial function.

(iii) Planning involves setting objectives and developing an appropriate course of action to achieve these objectives.

(iv) It bridges the gap between where we are and where we want to reach.

2. How does planning provide direction?

Ans: Planning provides direction for action by deciding in advance what has to be done, how to do, when to do and who will do. When we try to seek answers to the above questions, which are well planned then directions are automatically highlighted.

3. Do you think planning can work in a changing environment?

Ans: Planning may not work in a changing environment. The environment consists of a number of dimensions, economic, political, social, legal and technological dimensions. The organisation has to constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment. Planning cannot foresee everything and thus, there may be obstacles to effective planning.

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

Ans: Planning does not guarantee success. The success of an enterprise is possible only when plans are properly drawn up and implemented. Any plan needs to be translated into action or it becomes meaningless. Managers have a tendency to rely on previously tried and tested successful plans. It is not always true that just because a plan has worked before it will work again. This kind of false sense of security may actually lead to failure instead of success.

5. Why are rules considered to be plans?

Ans: Rules are specific statements that inform what is to be done. They do not allow for any flexibility or discretion. It reflects a managerial decision that a certain action must or must not be taken. They are usually the simplest type of plans because there is no compromise or change unless a policy decision is taken.

6. What kind of strategic decisions are taken by business organisations?

Ans: Major strategic decisions include whether the organisation will continue to be in the same line of business or combine new lines of activity with the existing business or seek to acquire a dominant position in the same market.

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Long Answer Type Questions

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

Ans: Organisations are not always able to accomplish all their objectives due to the following reasons

(i) **Planning Leads to Rigidity** In an organisation a well defined plan is drawn up with specific goals to be achieved, with in a specific time frame. These plans then decide how the work will progress in the future and managers may not be in a position to change it. This creates a problem as flexibility is very important. Always adhering to the plan may not give us the desired results always.

(ii)**Planning May not Work in a Dynamic Environment** The business environment is dynamic, nothing is constant. The business environment is a totality of external forces, where in some changes or the other keep on taking place. Plans decide in advance what has to be done in future. Planning cannot foresee everything and thus there may be obstacles to effective planning.

(iii) **Planning Reduces Creativity** Planning is generally done by the top management. Usually the rest of the members just implements these plans. As a consequence, middle management and other decisions makers are neither allowed to deviate from plans nor are they permitted to act on their own, thus planning in a way reduces creativity since people tend to think along the same lines as others, there is nothing new or innovative.

(iv) **Planning Involves Huge Cost** Planning involves huge cost in their formulation. These may be in terms of time and money. The costs incurred sometimes may not justify the benefits derived from the plans.

(v) **Planning is a Time Consuming Process** Sometimes plans to be drawn take up so much of time that there is not much time left for their implementation and the objectives to be achieved.

(iv) **Planning does not Guarantee Success** Any plans needs to be translated into action or it becomes meaningless. Managers have a tendency to rely on previously tried and tested successful plans. It is not always true that just because a plan has worked before it will work again.

2. What are the main features to be considered by the management while planning?

Ans: The main features to be considered by the management while planning are

(i) **It Focuses on Achieving Objectives** Planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.

(ii) **It is the Primary Function** Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other function.

(iii) **Planning is Pervasive** Planning is required at all levels of management as well as in all departments of the organisations. The top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.

(iv) **Planning is Continuous** Plans are prepared for a specific period of time, may be for a

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month, a quarter or a year. At the end of that period, there is need for a new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.

(v) **Planning is Futuristic** The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it.

(vi) **Planning Involves Decision Making** Planning essentially involves choice from among various alternatives and activities. If there is only one possible goal then there is no need for planning. The need only arises when alternatives are available. Planning thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.

(vii) **Planning is a Mental Exercise** Planning is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. Planning requires logical and systematic thinking rather than guesswork or wishful thinking.

3. What are the steps taken by management in the planning process?

Ans: The planning process involves the following steps

(i) **Establishing Objectives** The first step in planning is to determine objectives which must be realistic, specific and clear so as to specify what is to be accomplished by the network of policies, procedures, strategies etc.

(ii) **Developing Premises** They include assumptions or forecasts of the future and unknown conditions that will affect the operations of the plans. They provide an idea about the future which facilitates the work of planning.

(iii) **Identifying the Alternative Courses of Action** The next step in planning is to identify the various alternatives available to achieve the objectives.

(iv) **Evaluating Alternative Courses** The merits and demerits of different courses of actions are evaluated in the light of objectives to be achieved and their feasibility is judged i.e., how far they will be successful in helping to achieve the objective.

(v) **Selecting an Alternative** The next step is to find out the most suitable course to be followed. The efforts are directed towards selecting that course. Which increases efficiency in the organisation by maximising output and profits at the minimum costs.

(vi) **Implement the Pla**n At this step the best alternative chosen is put to use.

(vii) **Follow Up** Only putting the best alternative to action is not enough. The future is uncertain and dynamic. Therefore, it becomes important to check back whether the plan is giving results or not.

4. Is planning actually worth the huge costs involved? Explain.

Ans: Planning involves huge cost, when plans are drawn up huge costs are involved in their formulation. These are in terms of time, money, effort etc. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well (which are indirect) like expenditures on organising a meeting, consultation fees given to professional experts, market survey etc. But despite the high cost no firm can work without proper planning if used properly.

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Chapter - 5

ORGANISING

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Ch-5. Organising

Meaning - Organising can be defined as a process that initiates implementation of plans by clarifying jobs, working relationship and effectively deploying resources for attainment of identified and desired results.

Steps Involved in the Process of Organising -

In Order to complete the organising function of management, the following steps are taken:

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1) Identification and division of work - At this step, the total work is divided into various activities, for eg. various activities of a shoe manufacturing company can be purchase of raw material, production, stocking of goods, research, advertisment, sales etc.

2) Departmentalisation - The activities of the same nature are grouped together and assigned to a particular department. It is known as grouping, for e.g., advertisement and sales can be given to the marketing department.

3) Assignment of duties - At this stage, the responsibility of each individual or post is decided. For e.g., the purchase manager will be given the task of purchasing goods etc. While assigning duties. It is important to match nature of the work and the capabilities of the person to whom the work is given.

4) Establishing reporting relations - Each individual should also know from whom he has to take orders and to whom he is accountable. It helps in coordination among various departments.

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