

OPEN STUDENT FOUNDATION
Std-12 Business Administration
Day - 3

Chapters : 3

Date : 24/02/24

Section A

- Choose correct answer from the given options. [Each carries 1 Mark] [6]
1. What is the final stage of the planning process? (March-2018, March-2022)
(A) Evaluating the plan (B) Verifying the plan
(C) Accepting the specific plan (D) Considering alternatives
 2. Which of the following plans determines the objectives of business? (July-2018, March- 2020, Aug-2020)
(A) Strategic plan (B) Single-use plan (C) Standing Plan (D) Tactical plan
 3. What is the prerequisite for successful planning? (March-2019, May 2021)
(A) Long period of time (B) Short period of time (C) Management (D) Flexibility
 4. To whom does planning relate? (July-2019, March-2023)
(A) Past (B) Present (C) Production (D) Future
 5. The function of planning is.....(May-2021, July-2022)
(A) Routine task (B) Fixed task (C) Selective task (D) Difficult task
 6. State the elements of planning from the following. (July-2022)
(A) Continuous process (B) Controlling (C) Directing (D) Rules

Section B

- Write the answer of the following questions. [Each carries 2 Marks] [6]
7. What is called subsidiary plan? (May-2021)
 8. Planning is expensive process. Why? (March-2022, July-2022)
 9. State the Components of planning. (July-2022)

Section C

- Write the answer of the following questions. [Each carries 3 Marks] [15]
10. "Planning brings smoothness in managerial function." – Explain.
 11. Explain operational and contingency plan. (March-2022)
 12. Explain the following statement :
"Planning is a conscious and mental process."
 13. Explain the following statement :
"Planning is irrelevant."
 14. Explain the following statement :
"Planning is concerned with future."

Section D

- Write the answer of the following questions. [Each carries 4 Marks] [12]
15. Define planning and explain its characteristics. (March-2018, July-2018, March-2023)
 16. Explain the planning process? (March-2019, July-2019, March-2022, July-2)
 17. Explain the limitations of planning? (March-2020, Aug-2020)

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Section A

● Choose correct answer from the given options. [Each carries 1 Mark] [6]

1. What is the final stage of the planning process? (March-2018, March-2022)
- (A) Evaluating the plan (B) Verifying the plan
(C) Accepting the specific plan (D) Considering alternatives

➡ Ans : (A)

2. Which of the following plans determines the objectives of business? (July-2018, March- 2020, Aug-2020)
- (A) Strategic plan (B) Single-use plan (C) Standing Plan (D) Tactical plan

➡ Ans : (A)

3. What is the prerequisite for successful planning? (March-2019, May 2021)
- (A) Long period of time (B) Short period of time (C) Management (D) Flexibility

➡ Ans : (D)

4. To whom does planning relate? (July-2019, March-2023)
- (A) Past (B) Present (C) Production (D) Future

➡ Ans : (D)

5. The function of planning is.....(May-2021, July-2022)
- (A) Routine task (B) Fixed task (C) Selective task (D) Difficult task

➡ Ans : (C)

6. State the elements of planning from the following. (July-2022)
- (A) Continuous process (B) Controlling (C) Directing (D) Rules

➡ Ans : (D)

Section B

● Write the answer of the following questions. [Each carries 2 Marks] [6]

7. What is called subsidiary plan? (May-2021)

➡ A subsidiary plan is one in which alternatives are considered that are in line with the original plan or are complementary to the original plan.

➡ For example, a decision made by a car manufacturing company whether to manufacture or to purchase tyres from outside can be called subsidiary planning. A subsidiary plan is when a scooter manufacturing company decides whether to manufacture the tyre, tubes, or seats of the scooter itself or to buy them from outside.

8. Planning is expensive process. Why? (March-2022, July-2022)

➡ Planning is the first step in the management of any unit.

➡ Various options or alternatives are considered by collecting, classifying, analysing and interpreting information related to the unit before starting the planning, which is a long and time-consuming process.

➡ Planning requires the experts for interpreting the collected data and making decisions related to unit, whose fees are very high.

➡ Thus, time, energy and money are wasted during planning. So it can be said that planning is an expensive

and lengthy process.

9. State the Components of planning. (July-2022)

➡ The components of planning are as follows:

➡ (1) Goals/Objectives, (2) Strategy, (3) Policy, (4) Method/Procedure (5) Rules, (6) Programme and (7) Budget.

Section C

● Write the answer of the following questions. [Each carries 3 Marks]

[15]

10. "Planning brings smoothness in managerial function." – Explain.

➡ Planning, Organising, Staffing, Directing, Coordination and Controlling are the parts of the managerial functions because planning is used to design a plan. An organisation is designed as per the planning. After this arrangement, employees are appointed and then directing is used to give guidance to the appointed employees. Controlling is used to supervise the work from the employees as per the plan. Thus, planning helps to get work done within the decided time. Planning is very important & decides the future map of the company.

➡ **Management :**

⇒ Management is an activity. The management provides leadership, co-ordination & guidance to their employees. These employees manage machines, resources, methods, money & markets. The management helps their employees to get optimum results as per the plan.

➡ **Planning :**

⇒ The selection of facts, establishing the inter-relationship between them and forecasting the supervision and formulation of important activities is known as Planning.

⇒ Planning is the base of managerial functions.

⇒ Planning is the first step of the management.

⇒ Planning helps to complete functions within decided time.

⇒ Management functions like Organising, Staffing, Directing, Co-ordination and Controlling are based on planning.

⇒ Planning brings smoothness in managerial functions because planning shapes the plan of the unit.

⇒ Organization is designed to implement plan of the unit.

⇒ Employees are appointed in the organization for various functions.

⇒ Direction is given to the employees if required.

⇒ Controlling is used to supervise the functions of employees as per the plan.

⇒ Thus, if the planning is good, all functions of the unit are completed with ease.

11. Explain operational and contingency plan. (March-2022)

➡ **Operational Plan:**

⇒ This plan is prepared to carry out day to day activities. Operational plans are the plans formulated to achieve the expected results from departments, work groups and individuals of a business unit. Such plans are mostly short- term for a year or so. E.g., to plan monthly or quarterly production to meet annual production targets.

⇒ Such plans are prepared by the departmental heads for the implementation of the operational plan. Since these plans are related to day-to-day activities, they are prepared after discussion with the employees of that department. So the implementation of this plan becomes relatively easier. Operational plan is almost similar to the tactical plan.

➡ **Contingency Plan:**

⇒ It is very important for a business unit to keep pace with the changing situation. Business conditions also change due to some specific factors like political, economic, social or natural factors. Due to this, the

original plan has to be modified or a new plan formulated is called a contingency plan.

12. Explain the following statement :

“Planning is a conscious and mental process.”

⇒ “Planning is a conscious and mental process.”

⇒ To plan one should have qualities like knowledge, intelligence, decision making, vision etc. Planning depends on projections of the future. Hence, it can be said that planning is a conscious and intellectual process.

13. Explain the following statement :

“Planning is irrelevant.”

⇒ “Planning is irrelevant.”

⇒ There is uncertainty in planning. Pre-determined planning often fails due to time and awareness as well as factors affecting the unit. Planning involves the uncertainty of the future in the present time. These predictions are not entirely accurate, so sometimes planning fails. Hence, it can be said that planning is irrelevant.

14. Explain the following statement :

“Planning is concerned with future.”

⇒ Ans : (A)

Section D

● Write the answer of the following questions. [Each carries 4 Marks]

[12]

15. Define planning and explain its characteristics. (March-2018, July-2018, March-2023)

⇒ What we want to achieve in future and how ? For this various alternatives are to be considered and from those the best alternative is to be selected, is called planning.

⇒ **Concept:** Planning is to collect information for the activities to be undertaken in business, consider them in advance and plan out how to do these activities.

⇒ According to Bill Goetz, “Task of planning is choosing.”

⇒ According to George R. Terry, “Function of planning means assumption for results, policy to follow function, stages and to decide the method to be followed.”

⇒ Planning is an intellectual process to achieve a goal.

⇒ Planning is the first and most important step of any unit. The planning can protect the unit against factors that may affect it in the future. The unit can succeed in its tasks with various characteristics of planning and hence, the unit enables itself to get success from their functions.

⇒ The characteristics of planning are as follows.

(1) **Universal Process :**

⇒ Without planning, the tasks of any unit cannot be accomplished. It is present in many fields like politics, military, education, religion, social, business units. Hence it can be said that planning is a universal process.

(2) **Primary Function :**

⇒ Planning is the very first function of the management of any unit. Without it, the unit does not progress in a proper manner. After planning other management functions like organising, staffing, directing, co-ordinating, controlling etc. can be done.

(3) **Conscious and Mental Process :**

⇒ Planning requires accurate data collection, classification and analysis. For this, there is a requirement of experts in that field. These experts use the received information in mathematical formulas and then interpret it to provide useful suggestions and decisions for management. Thus, planning is a conscious and mental process.

(4) Flexibility:

⇒ The planning function should be flexible, i.e. it should not be rigid. As the habits, tastes and fashions of customers change, some changes in planning should be made. Flexibility is a prerequisite for planning.

(5) Precise:

⇒ As stated in the conscious and mental process, decisions for planning are accurately taken by experts in that field. The experts maintain accuracy in considerations, obtained data, statistical data etc. for planning.

(6) Forecasting is essential:

⇒ Planning requires forecasting, i.e. some assumptions are made before planning. Forecasting gives an outline for the future. Hence, forecasting and planning are considered as the first functions of management.

(7) List of alternatives :

⇒ Planning in any field includes various plans and alternatives. For that, a list of alternatives is prepared after considering various processes like determination of objectives, clarifying planning premises, collection and analysis of information, preparation of alternative plan. Thus, listing alternatives is a conscious and mental process. E.g., giving advertisements to increase sales, increasing commissions, giving incentive prizes, giving discounts, giving various facilities to sales staff etc.

(8) Concerned with Future :

⇒ Although it is a limitation of planning, it is also a characteristic. Forecasting is done by considering the factors affecting the unit in the future, so that the unit can move forward effectively with protection against uncertainty arising in the future. Thus, planning deals with the future.

(9) Continuous process :

⇒ Planning is a continuous and ongoing process which is from beginning to end of any unit. Functions like Organising, Staffing, Directing, Controlling, Decision-making, etc. undergo changes over time in planning so that it becomes a conscious and continuous process. Mental decisions are made quickly but skilfully.

(10) Goal oriented activity :

⇒ Planning is a goal oriented activity. A unit is organized to achieve a defined goal. It is impossible to frame a plan without a goal or objective. Goal achievement becomes easier only if the goals are realistic and achievable. Thus, planning is a goal oriented activity.

(11) Requires Decision Process:

⇒ Various planning processes like determination of objectives, clarifying planning premises, collection and analysis of information, preparation of alternative plan, making a list of alternatives and then selecting the appropriate alternative. Thus, the decision making process becomes essential in planning.

16. Explain the planning process? (March-2019, July-2019, March-2022, July-2)

⇒ What we want to achieve in future and how ? For this various alternatives are to be considered and from those the best alternative is to be selected, is called planning.

⇒ **Concept:** Planning is to collect information for the activities to be undertaken in business, consider them in advance and plan out how to do these activities.

⇒ According to Bill Goetz, "Task of planning is choosing."

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⇒ Planning is an intellectual process to achieve a goal.

⇒ The following process is to be carried out stage wise to implement for the planning:

(1) Determination of Objectives :

⇒ Planning begins with setting of objectives. If objectives are determined in the proper manner, planning becomes useful to the management. These objectives should be practical, realistic and achievable.

(2) Clarifying Planning Premises :

⇒ After clarifying the objectives, it is necessary to clarify planning premises to carry out the plan. These premises mean assumption or forecasting. After determining the objective of the unit, the factors affecting the objective like customer preferences, government policy, market conditions, competition etc. are formulated. Planning is not successful if these premises are not clear and precise.

(3) Collection and Analysis of Information :

⇒ Formulating assumptions requires specific information. After clarifying the premises of planning, such information is collected either directly or indirectly through newspapers, government reports and magazines. It is then classified, analyzed and interpreted, based on assumptions made. It helps to make assumptions to get the expected result in future.

(4) Preparation of Alternative Plan :

⇒ After classifying, analyzing and interpreting the information, a list of alternatives is prepared to achieve the goal. For example, the alternatives like, increase in sales, increase in price and decrease in inventory etc. are listed to achieve the profit target.

(5) Evaluation of alternatives :

⇒ After preparing a list of alternatives to achieve the goal, an ideal plan is selected based on cost, profitability and risk. Mathematical and statistical methods are used for the evaluation of alternatives. Business unit prepare an ideal plan as a model with the help of 'Operation Research'

(6) Selection of the best Alternative :

⇒ After the evaluation of alternatives, they are analyzed and verified in depth and after that, the selection of the best alternative is accepted at this stage.

(7) Formulation and Evaluation of Subsidiary Plan :

⇒ After selecting the ideal plan, a subsidiary plan is formulated for its success. Plans or alternatives are considered in support of the original plan, it is known as subsidiary plan.

⇒ E.g. IT companies appoint employees to do the work related to their own software and applications in the companies or make them do outside.

⇒ After preparing this plan, its success is also verified so that the original plan will not get obstructed in the future.

(8) Evaluation of the planning :

⇒ At this stage, both the original plan and the subsidiary plan are evaluated. For this, the help of experts and consultants is taken, so that proper evaluation can be done and appropriate decisions can be taken accordingly. Since planning is a continuous process, it has to proceed step by step, for which the principle of 'Look and Leap' is followed and therefore evaluation is necessary at every stage.

17. Explain the limitations of planning? (March-2020, Aug-2020)

⇒ Planning is the first and most important stage for the business. Hence, there is a need for planning in every sector.

⇒ Planning gives perfect guidance but sometimes it is not so successful. For this, several experts have repeatedly assessed the failures of planning and then mentioned some limitations which are as follows :

(1) Uncertain Future:

⇒ Forecasting and planning are considered as the first functions of management. Such forecasts are based on uncertain internal and external factors of the business which affect the future and hence planning may fail at that time. Thus, planning depends on the uncertainty of the future.

(2) Expensive process :

⇒ For Planning, Information is collected, classified, analyzed and interpreted by experts. The experts charge a high amount for this process. Thus, planning is a costly process.

(3) Time Consuming:

⇒ As mentioned in the above point, the planning process is not only more expensive but also it is very time consuming. Thus, planning is a long process.

(4) Planning is Irrelevant :

⇒ Planning has uncertainties. Planning may become irrelevant because of factors like time, circumstances and factors affecting the unit. Thus, planning becomes fail.

(5) Tends towards Rigidity :

⇒ The planning is dependent on the future and the future is uncertain. The officers and employees do not consider any changes in the programme as per changes to the time. They stick to the planning during the implementation stage. They consider a risk to change in the planning. Thus, planning leads to rigidity.

(6) Uncertainty of External Factors :

⇒ A business unit has no control over external factors like government policy, market booms and busts, natural factors, man-made factors etc. So planning may fail. Thus, the uncertainty of external factors may make planning weak and fail.

(7) Incomplete Information :

⇒ If wrong or incomplete information is found in the data collection, it may lead to incomplete and incorrect classification, analysis and interpretation by experts. So that the desired goal of the planning cannot be achieved accurately and the desired results cannot be obtained. Thus, insufficient information prevents planning.

(8) Restriction on Employees' Creativity :

⇒ Due to certain planning and internal factors like organization, directing, proper evaluation of employees, decisions, employees working in a unit cannot utilize their creativity fully and effectively and hence the business unit cannot get benefit from them.

(9) Use of Faulty Methods :

⇒ After the collection of data, the mathematical and statistical models are used to classify and analyze the data. If the information is incomplete and incorrect, the decisions are taken wrongly and so that the planning fails.