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Planning

Question 1:

What are the main points in the definition of planning?

ANSWER:

Planning is a psychological process of 'thinking and deciding in advance' about 'what is to be done' and 'how it is to be done'. It is a mental activity, in which the manager decides about the goals to be achieved, and actions through which they are to be accomplished. It is futuristic in nature as it involves looking ahead, along with analysing and predicting the future. Planning can be defined as a process of setting up of goals and objectives for a given period of time, formulating alternatives for the course of action to be taken, and finally deciding an appropriate action from the various alternatives. The following are the main points in the definition of planning.

i. Setting Objectives: Planning must pertain to a particular objective. That is, there must be a definite objective for the achievement of which planning is to be done.

ii. Time Period: The plan must be formulated for a definite time period. If planning is not done with a time frame, it may prove futile. This is because with time business environment changes and requires fresh planning and action.

iii. Formulating Alternatives for Course of Action: Once the objective is decided, the next task is to decide how it is to be achieved. For the achievement of any objective there can be various alternative course of action. These alternatives must be appropriately formulated.

iv. Deciding a Course of Action: From the various available alternatives, the best one must be decided

Question 2:

How does planning provide direction?

ANSWER:

Planning states in advance what is to be done. It defines the goals and objectives to be achieved. These goals and objectives as stated in the plan gives direction to the managers about what course of action is to be followed for achieving them. Planning ensures clarity in thoughts so that the right action is taken in the right direction for the achievement of objectives. Planning ensures that each department in the organisation work in a coordinated manner towards the common objective of the organisation. That is, with planning each department knows exactly what is to be done and thereby, moves in the right direction. Without planning work would be done in a haphazard manner with each department going in different directions. Thus, planning ensures smooth functioning towards the desired goals of an organisation.

Question 3:

Do you think planning can work in a changing environment?

ANSWER:

No, planning may not work right in a changing environment. Business environment is dynamic in nature and changes continuously. For example, political conditions, social conditions, consumer tastes and preferences, government rules and regulations change continuously. Planning cannot foresee such changes and may prove futile. That is, due to uncertainty of future, planning may remain ineffective. For example, suppose a garment manufacturing company plans to increase the production of silk shirts. But over a period of time, the market demand shifts towards cotton shirts. Thus, in this case the previous plans of the company fail and it must modify its plans to cater to the change in demand. Similarly, if the government announces a reduction in the interest rates for consumer durables, the demand for such products increases. The plans of an organisation may not foresee such changes and may prove ineffective. The production and sales plan of the organisation must change as per the changing market demand. Likewise, with an entry of a competitor in the market a company needs to alter the previous plans so as to face the competition in a better manner

Question 4:

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

ANSWER:

It is true that planning is a forward looking function and is based on analysing and predicting the future elements. However, future involves uncertainty and cannot be predicted. There are various external forces that affect the functioning of an organisation. These forces are complex and ever changing in nature. For example, social trends, political conditions, technology, government rules and regulations change continuously. Due to such uncertainties, one cannot be sure of the success rate of the plans rather, the plans need to be modified to adapt to the changing environment. For example, suppose due to entry of a competitor, the demand for the products of a company reduces. While planning out production the company could not foresee such a change. Thus, the previous plans of the company fail and it must formulate new plans keeping in view the change in demand. Similarly, suppose the government announces a relaxation in the rules for foreign investment, as a result of which competition in the market increases. The sales and manufacturing plans of the domestic companies might fail in the face of the increased competition. Thus, it can be said that despite the fact that planning involves working out details for the future, it does not ensure success.

Question 5:

Why are rules considered to be plans?

ANSWER:

Rules refer to standard or specific statements that inform about what is to be done. 'Rules' are considered to be 'Plans' because both are very similar in nature. Rules are considered to be simplest of plans. Planning aims at thinking and deciding about the futuristic course of action.

Similarly, rules are statements that help in deciding if an action is to be taken or not. However, rules are rigid in nature and are to be followed as it is unless a change is stated. Non-compliance of the rules leads to disciplinary actions by the organisation. For example, an organisation may have rules regarding the punch-in timings of the employees and every employee of the organisation must follow this rules. Rules act as a guide for general behaviour of the employees in the organisation.
