

**CBSE Test Paper - 01**  
**Chapter - 4 Planning**

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1. "Planning leads to rigidity" is a **(1)**
  - a. Feature of Planning
  - b. Process of planning
  - c. Limitation of Planning
  - d. Importance of Planning
2. What to do and how to do is concerned with\_\_\_\_\_ **(1)**
  - a. Controlling
  - b. Organising
  - c. Directing
  - d. Planning
3. Selection of employees is \_\_\_\_\_ of the business **(1)**
  - a. Rule
  - b. Strategy
  - c. Procedure
  - d. None of these
4. The first step of planning is \_\_\_\_\_ **(1)**
  - a. Implementing the plan
  - b. Follow up action
  - c. Selecting an alternative
  - d. Setting objectives
5. 'Planning eliminates changes/uncertainties'. Do you agree? Give reason in support of your answer. **(1)**
6. How does planning create rigidity? **(1)**
7. It helps the manager to look into future and make a choice amongst various

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alternative courses of action. Enumerate the importance of planning indicated here **(1)**

8. Name the type of plan which is time-bound and linked with a measurable outcome. **(1)**

9. “Planning is Pervasive”. Explain briefly. **(3)**

10. How is planning forward looking? **(3)**

11. Explain “Objective” and “Policy” as types of plan using suitable examples. **(4)**

12. What are the main points in the definition of planning? **(4)**

13. Defining 'organizational objectives' as the first step in the process of planning. Explain in brief the other steps of this process. **(5)**

14. State any three limitations of planning. **(5)**

15. 'Mrs Renu Natrajan', the Principal of Prince Public School' appointed Mr Sansar Chand as the coach for football team which was to play the final match in the State-Level Tournament. During training the coach inspired the players to make up their mind to win the match in all circumstances. Also he stressed that they had to win the match with the difference of at least five goals from the losing team. He explained special methods to the players for playing both offensive and defensive game. Also he told them how after beating the opponents, football would be passed from one player to the other until it reached the goal box of the opposite team. At the end of the training, the coach warned all the players against misbehaving with any of the players of the opposite team, otherwise, they could be punished.

- a. Identify the concept of the planning functions of management described in the paragraph given above.
- b. Explain the four types of concept identified in point 6a ' by quoting the relevant lines. **(6)**

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**Answer**

1. c. Limitation of Planning

**Explanation:** since planning is done in a predetermined manner, little scope is left for the managers and workers to use their ability and experiences, resulting in rigidity in planning.

2. d. Planning

**Explanation:** Planning involves setting objectives and developing course of action for future. It is deciding in advance as to what to do and how to do.

3. c. Procedure

**Explanation:** Procedure involves to establish required sequence of steps in advance to handle the future problems. e.g. procedure of selection of employees, procedure for admission in a school

4. d. Setting objectives

**Explanation:** Objectives are the ends towards which all the activities are directed. Thus planning begins with objectives because all the policies, strategies, procedures etc. are formed to achieve objectives only. Therefore the first step of planning is setting up the objectives.

5. No, I do not agree because planning only tries to foresee the future by making some assumptions. It does not eliminate changes/ uncertainties.

6. Since plans are formed by top level of managers and rest of the organisation is neither allowed to deviate from those plans nor to invent any new alternatives. It results in rigidity in operations.

7. Planning facilitates decision-making.

Because plans decide the future course of actions. The objectives and goals are set before hand. These facilitate the managers to take quick decisions.

8. Both objectives and budget are time bound and linked with measurable outcomes.

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9. Planning is the pervasive function of the management. It is required in all the types of organisation, whether big or small, business or non-business, social, political or religious. It is needed in all the departments of the organisation. Planning is performed even at all levels of management at the top, middle and lower level. As top level managers plan to make objectives and policies for the organisation. Middle-level managers plan to implement policies and rules among their departments. Lower level managers plan to control, inspect and supervise workers in the factory. In this way, planning is all pervasive.
  10. Planning is forward-looking because it essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best possible advantage of the organisation. It is always for the future and never for the past. It involves peeping into the future, analysing and then preparing plans accordingly. For e.g. on the basis of the sales forecasts, annual plans for production are drawn.
  11. **Objectives:** Objectives are those endpoints which every organization strives to achieve. These are the basic reason for a firm's existence. These are usually stated in measurable terms. These are time-bound i.e these are to be achieved within a given period of time. All the activities of the organisation are directed towards the attainment of the objectives. These provide broad direction to employees about what they should do. For e.g. it is a firm's objective to increase its sales targets by 20%.

**Policy:** A Policy is a general statement that guides decision making. It acts as a guide to managerial actions and decisions in implementing strategy. A policy defines the boundaries within which decisions can be made by the subordinates. The main purpose of policies is to provide a practical shape to objectives by elaborating the manner in which goals are to be achieved. Policies play important role in setting the parameters within which a manager may function. There are different policies at different levels ranging from major company policies to minor policies. Major policies are concerned with the market, competitors, customers and clients etc. whereas minor policies are concerned with the insiders.

12. In the words of Koontz O'Donnell, Planning is deciding in advance what to do, how to do it, when to do it and who is going to do it. Planning bridges the gap from where we

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are and where we want to go. It is a trap to capture the future.

Main points involved are:

- Setting objectives
- Time period
- Formulating alternatives course of action
- Selecting a course of action.

13. The first step in the planning process is to establish objectives. Objectives determined must be clear, realistic and specific as to what is to be accomplished. The further steps in the planning process are:

- Establishing Planning Premises
- Identifying the Alternative Courses of Actions
- Evaluating the Alternative Courses
- Selecting the Best Alternative
- Implementing the Plan
- Follow-up Action

- Establishing Planning Premises:** Planning premises are the anticipated environments in which plans are expected to operate. They include assumptions or forecasts of the future. Premises provide useful facts and information to the managers to facilitate the work of planning. Various assumptions regarding government policies, prices, taste, and preference etc are made.
- Identifying the Alternative Courses of Actions:** On the basis of objectives to be achieved, alternative courses of doing a particular work are discovered. It is a difficult task and it depends upon the creativity and logical thinking of the planner which opens up different avenues for the firm.
- Evaluating the Alternative Courses:** In this stage, it is seen as to what extent an alternative course can help in the attainment of the objective. Every alternative has its own pros and cons. Each alternative is carefully evaluated with all its merits and demerits and their feasibility is judged accordingly.
- Selecting the Best Alternative:** The next step is to find out the most suitable course to be followed. Efforts are directed towards selecting that course which increases efficiency in the organization by maximizing output and profits at

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minimum costs. The best-suited for the purpose is selected.

- v. **Implementing the Plan:** After having decided the Chief Plan and the subsidiary plans, they are to be implemented. At this step, a plan is transformed from a thought (a dream) to an action (reality) by activating the other managerial functions. After implementing the plans the sequence of different activities are also decided.
- vi. **Follow-up Action:** The process of planning does not end with the implementation of plans. There should be a constant review of the plans to ensure success in an uncertain future. Due to uncertainties of future, it is necessary that the plan should be evaluated from time to time to measure its effectiveness and to see that the objectives are achieved or not.

14. Some limitations of planning are as follows:

- i. **Planning Reduces Creativity:** Under planning, all the activities connected with the attainment of the objectives of the organization are preconceived and predetermined. Consequently, everybody works as they have been directed to do and as it has been made clear in the plans. Managers can't think of any new ways for doing the tasks. Thus, it reduces creativity.
- ii. **Planning Does not work in Dynamic Environment:** Planning is based on the anticipation of future happenings. Since the future is uncertain and dynamic, therefore the future anticipations are not always true. Planning does not work in the dynamic environment as plans are rigid with least scope of any changes.
- iii. **Planning Involves Huge costs:** In planning a lot of work is to be done, a lot of information is to be collected. When so many people remain busy in the same activity, the organization faces huge costs. Also, it involves applying of forecasting techniques, determining alternatives, analyzing data etc. All these make planning a costly process.

15. The concept of the Planning function of Management is as follows: Planning is Deciding what needs to happen in the future (today, next week, next month, next year, over the next five years, etc.) and generating plans for action.

The 4 Types of Planning concept are:

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- i. **Operational Planning:** “Operational plans are about how things need to happen,” motivational leadership speaker Mack Story said at LinkedIn. “Guidelines of how to accomplish the mission are set.” This type of planning typically describes the day-to-day running of the company. Operational plans are often described as single use plans or ongoing plans. Single use plans are created for events and activities with a single occurrence (such as a single marketing campaign). Ongoing plans include policies for approaching problems, rules for specific regulations and procedures for a step-by-step process for accomplishing particular objectives.
  - ii. **Strategic Planning:** “Strategic plans are all about why things need to happen,” Story said. “It’s big picture, long-term thinking. It starts at the highest level with defining a mission and casting a vision.” Strategic planning includes a high-level overview of the entire business. It’s the foundational basis of the organization and will dictate long-term decisions. The scope of strategic planning can be anywhere from the next two years to the next 10 years. Important components of a strategic plan are vision, mission and values.
  - iii. **Tactical Planning:** “Tactical plans are about what is going to happen,” Story said. “Basically at the tactical level, there are many focused, specific, and short-term plans, where the actual work is being done, that support the high-level strategic plans.”
  - iv. **Contingency Planning:** Contingency plans are made when something unexpected happens or when something needs to be changed. Business experts sometimes refer to these plans as a special type of planning. Contingency planning can be helpful in circumstances that call for a change. Although managers should anticipate changes when engaged in any of the primary types of planning, contingency planning is essential in moments when changes can’t be foreseen. As the business world becomes more complicated, contingency planning becomes more important to engage in and understand.