

SUPPLEMENTARY STUDY MATERIAL FOR NEW
CURRICULAM AREAS INTRODUCED IN BUSINESS STUDIES
CLASS XII 2012-13

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NEW TERMS INTRODUCED IN BUSINESS STUDIES

CLASS XII 2012-13

UNIT-4: PLANNING

Sub Topic: Single Use and Standing Plans

PLAN

A plan is a specific action proposed to help the organization achieve its objectives. It is a document that outlines how goals are going to be met. The importance of developing Plans is evident from the fact that there may be more than one means of reaching a particular goal. So with the help of logical plans, objectives of an organization could be achieved easily.

SINGLE USE PLAN

A **Single use plan** in a business refers to plan developed for a one-time project or event that has one specific objective. It applies to activities that do not recur or repeat. It is specifically designed to achieve a particular goal.. Such Plan is developed to meet the needs of a unique situation. The length of a single-use plan differs greatly depending on the project in question, as a single event plan may only last one day while a single project may last weeks or months. **For example**, an outline for an advertising campaign. After the campaign runs its course, the short term plan will lose its relevance except as a guide for creating future plans.

STANDING PLANS

Standing plans are used over and over again because they focus on organizational situations that occur repeatedly. They are usually made once and retain their value over a period of years while undergoing revisions and updates. That is why they are also called repeated use plans. **For example**, Business plan to establish a new business. Entrepreneurs draft business plan before opening the doors to their business, and they can use their plan to guide their efforts for years into the future.

DIFFERENCE BETWEEN SINGLE USE AND STANDING PLANS

BASIS OF DIFFERENCE	SINGLE USE PLANS	STANDING PLANS
1. Meaning	A single-use plan in a business refers to plans developed for a one-time project or event that has one specific objective.	A standing plan in a business refers to plans developed for using over and over again because they focus on organizational situations that occur repeatedly.
2. Objective	Single use plan is developed to carry out a course of action that is not likely to be repeated in future time.	Standing plan however is developed for activities that occur regularly over a period of time.
3. Scope	Single use plans generally encompass a narrow scope targeting a specific project or event.	Standing plans generally encompass a wider scope involving more than one department or business function.
4. Stability	Single use plans are discarded when the situation, project or event is over.	Standing plans are relatively stable and used over and over again with necessary modifications or updations.
5. Example	Budget for Annual General Meeting of shareholders.	Recruitment and selection procedure for a particular post in the company.

Questions:-

1. What do you understand by single use plans? (1 Mark)
2. What do you understand by standing plans? (1 Mark)
3. XYZ Limited follows a standard procedure for recruiting Production Manager for its company. Which type of plan is it? Justify your answer. (1+2= 3 Marks)
4. ABC Limited prepares budget for its Annual General Meeting for Financial Year 2011-12. What kind of plan is it? Justify your answer. (1+2= 3 Marks)
5. Explain the objectives of single use plans and Standing plans with suitable examples. (4 Marks)
6. Differentiate between Single use plans and Standing plans? (4 Marks)

UNIT-6: STAFFING

Sub Topic: Induction Training

Induction training is a type of training given to help a new employee in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business. The duration of such type of training may be from a few hours to a few days.

The induction provides really a good opportunity to socialize and brief the newcomer with the company's overall strategy, performance standards etc. If carefully done, it saves time and cost (in terms of effectiveness or efficiency etc.).

Questions:-

1. Define Induction training? (1 Mark)
2. What is the main objective of Induction training? (1 Mark)
3. How does Induction training help in reducing cost and saves time? (3 Marks)
4. Write a short note on Induction training? (3 Marks)

UNIT 7: DIRECTING

Sub Topic: Styles of Leadership

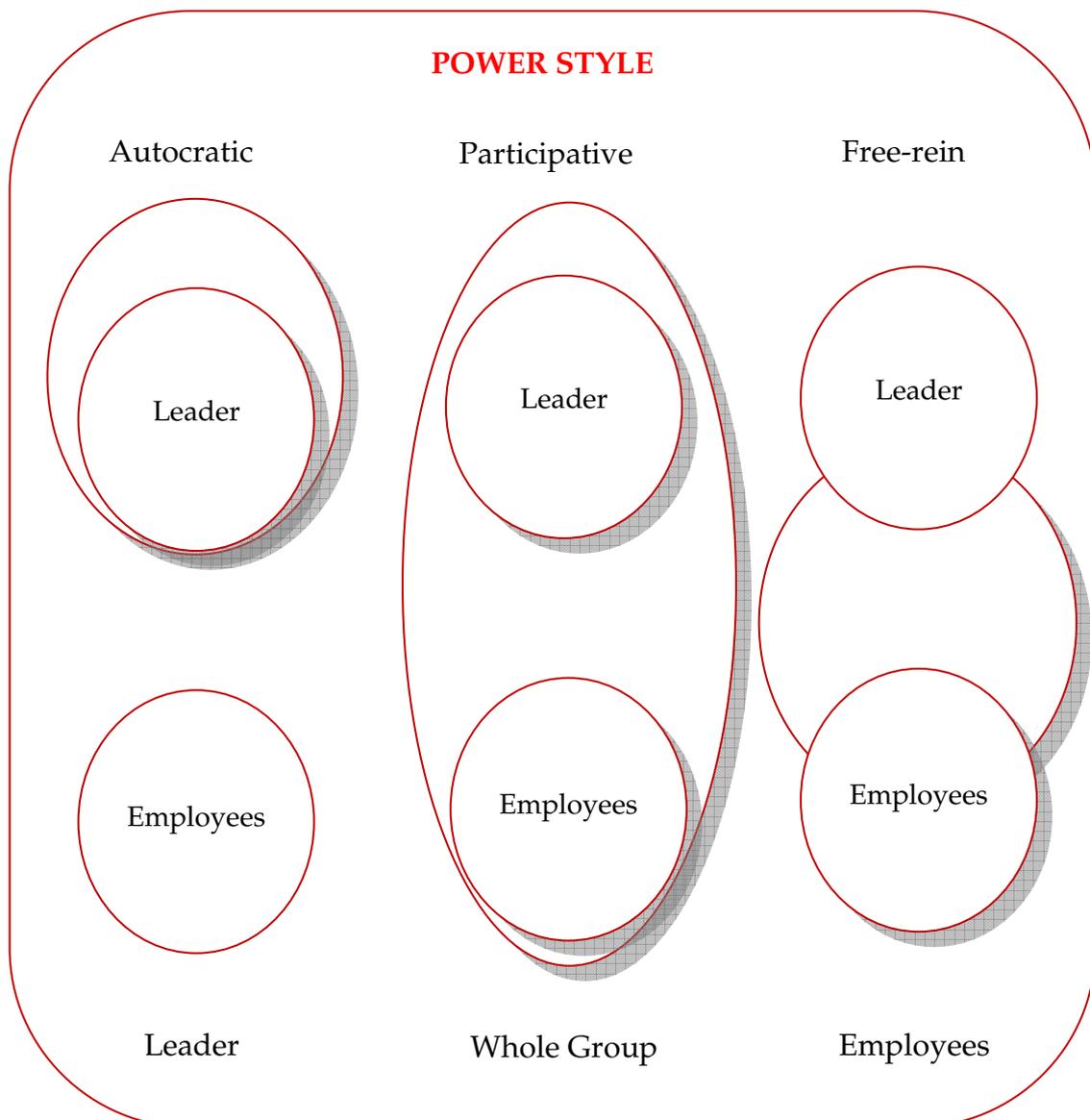
Leadership styles refer to a leader's behaviour. Behavioural pattern which the leader reflects in his role as a leader is often described as the style of leadership.

A Leadership style is the result of the leader's philosophy, personality, and experience and value system. It also depends upon the type of followers and the atmosphere prevailing in the organization.

Different types of leadership style are:

1. Autocratic leadership
2. Participative leadership – Democratic
3. Free rein leadership – Laissez Faire

A leader may use all styles over a period of time but one style tends to predominate as his normal way of using power.



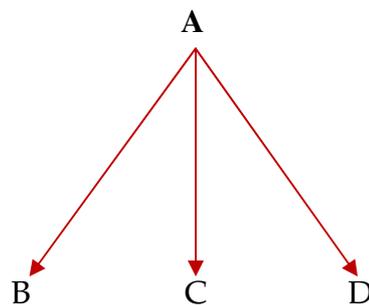
1. Autocratic or Authoritarian Leader

An autocratic leader gives orders and insists that they are obeyed. He determines the policies for the group without consulting them.

He does not give information about future plans but simply tells the group what immediate steps they must take.

Under this style, all decision making power is centralized in the leader as shown in the diagram. He does not give the subordinates any freedom to influence his decision.

It is like “bossing people around.” This style should normally be used on rare occasions.



A is the leader – Boss – Centered – Leadership

When should authoritarian leadership be applied?

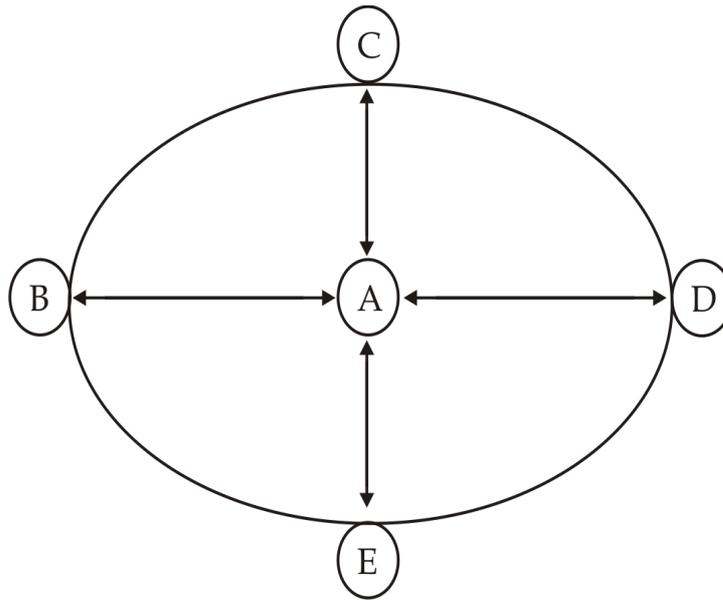
- It is best applied to situations where there is little time for group decision-making
- or where the leader is the most knowledgeable member of the group.

2. Democratic or Participative Leader

A democratic leader gives order only after consulting the group and works out the policies with the acceptance of the group.

He never asks people to do things without working out the long term plans on which they are working. He favours decision making by the group as shown in the diagram. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.

Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.



A is the leader – Group Centered – Leadership

When should Participative/democratic leadership be applied?

- It works best in situations where group members are skilled and eager to share their knowledge.
- It is also important to have plenty of time to allow people to contribute, develop a plan and then vote on the best course of action

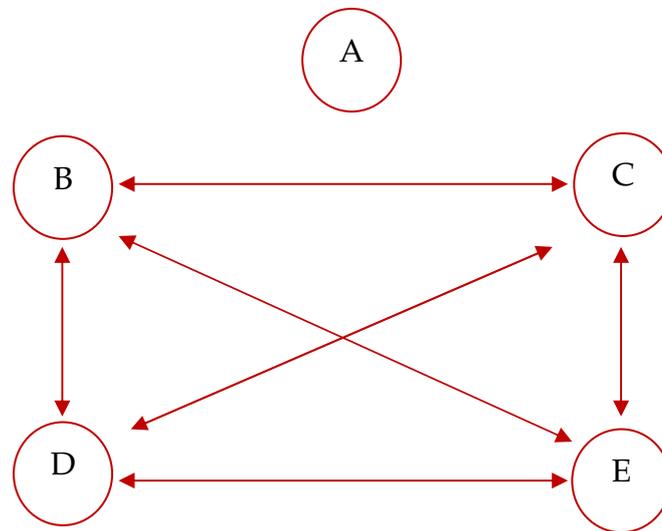
This style should NOT be used when:

- In situations where roles are unclear or time is of the essence, democratic leadership can lead to communication failures and uncompleted projects.
-

3. Laissez Faire or Free Rein Leader

A free rein leader gives complete **freedom to the subordinates**. Such a **leader avoids use of power**. He depends largely upon the group to establish its own goals and work out its own problems. Group members work themselves as per their own choice and competence. The leader exists as a contact man with the outsiders to bring information and the **resources the group requires for accomplishing the job**.

NOTE: This is also known as laissez faire which means no interference in the affairs of others. [French: laissez means to let / allow and faire means to do.



A is the leader

Leadership is Subordinate – Centered – Leadership

When should laissez faire/free rein leadership be applied?

This is an effective style to use when:

- Followers are highly skilled, experienced, and educated.
- Followers have pride in their work and the drive to do it successfully on their own.
- Outside experts, such as staff specialists or consultants are being used.
- Followers are trustworthy and experienced.
-

This style should NOT be used when:

- Followers feel insecure at the unavailability of a leader.
- The leader cannot or will not provide regular feedback to their followers.

Example Mr. Ulhas, CEO of I Create India, distributes the work for the month. He delegates the work to his staff Ms. Ranju, Ms. Anjana, Ms. Geeta and Mr. Dinesh as per his discretion. (Mr. Ulhas is behaving as an autocratic leader)

Mr. Ulhas has realized that due to absence of Ms. Geeta, the work will not get over as scheduled. He discusses with his staff members to meet the dead line. Everybody decided to do over time and planned to stay back accordingly. (Mr. Ulhas is behaving as a democratic leader)

Mr. Ulhas wants to give a party to all staff members for timely completion of the task. Mr. Ulhas asks the other members of staff to fix the venue and the menu for the occasion. (Mr. Ulhas is behaving as a free rein leader)

Most appropriate style of leadership for a leader/manager depends upon:

- ❖ the demands of the situation
- ❖ the requirements of the people involved
- ❖ the challenges facing the organization

Questions:

1. Give the meaning of ‘Democratic Style’ of leadership. (1 mark)

2. Define ‘autocratic style’ of leadership? (1 mark)

3. What is ‘laissez faire style’ of leadership? (1 mark)

4. Mr. A, a supervisor in a manufacturing unit humiliates a worker in front of other workers. Which value is he lacking? (1 mark)

[Hint: Respect for others’ dignity]

5. Ms. Hayden is a very experienced and highly qualified manager. All her subordinates respect her because she does not force her opinions on others and listens to their suggestions as well as problems before taking decisions. What values do think she has? (1 Mark)

[Hint: Humanity, respect and concern for others]

6. Mr. Ramesh , Manager (Operations) sets the targets for all his subordinates without discussing it with them. He firmly tells them that if the task is not completed than strict action will be taken against them. Which form of leadership is he following? Explain the situation where this form of leadership is useful. (3 marks)

[Hint: Autocratic Leadership Style]

7. Explain, with the help of suitable examples , why leaders vary their leadership style in different circumstances? (4 marks)

8. Mr. Sharan, Manager(HR) is really appreciative of fresh ideas given by his subordinates. He frames policies only after consulting them. Which style of leadership is he following? Can this style be followed at all times? Explain. (4 Marks)

[Hint: Democratic Leadership Style]

9. Mr. R. Ranjan, Manager(Operations) does not define clear goals to his subordinates and is not regularly abreast with their work as all the employees are skilled and experienced in their job. Which is the style of leadership being followed by him? Is he right in doing so? Justify. (4 marks)

[Hint: Laissez Faire Leadership Style]

10. Ms. Shabana, Manager(Research & Devt.) in a well known electronics company, gives complete freedom to her subordinates who are developing latest technology products in their field. She avoids the use of power. She depends largely upon the group to establish its own goals and work out its own problems. Which style of leadership is she following? Do you think she is right? When can this form of leadership be followed? (5 marks)

[Hint: Laissez Faire Leadership Style]

11. Explain the three leadership styles (autocratic, democratic and laissez-faire) and in what situations are they most effective. (6 marks)

12. Mr. A, B and C are discussing the 3 different leadership styles. Mr. A advocates that autocratic style of leadership is the best in an organization while Mr. B thinks that democratic style of leadership provides better results in the performance of employees. Mr. C emphasizes on laissez faire style of leadership. What according to you is the best style of leadership and why? (6 marks)

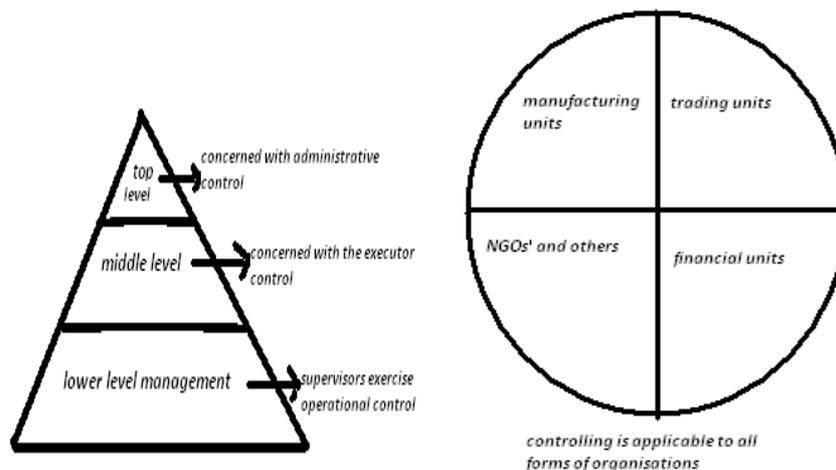
UNIT 8: CONTROLLING

Sub Topic: Nature of Controlling

1. Controlling is a goal oriented function.

Controlling as a function of management ensures that the overall directions of individuals and groups are consistent with short and long range plans of the organization. So it is completely a goal oriented function.

2. Controlling is an all pervasive function.



Controlling is a function which is applicable to all types of organizations and at all levels. For example **the top managers** are concerned with administrative control, which is exercised through broad policies, plans and other directives. The **middle level managers** are concerned with the executor control for the purpose of getting the plans, policies, and programmes executed. At the **lower level**, supervisors exercise operational control to ensure successful performing of actual operations.

3. Controlling is a continuous function

Control is not a one time activity. Rather, it is a dynamic process that involves constant analysis of actual and planned performance. The resultant deviations, if any, are corrected as per the need of the situation. For example if a firm X Ltd., a ready made garment manufacturing unit sets a target of manufacturing 10,000 premium shirts in a month and is only able to manufacture 8,000 shirts than the controlling mechanism will help in finding the deviation and causes associated with it. This process will carry on every month for the organization in this case.

4. Controlling is both a backward looking as well as forward looking function.

Effective control is not possible without analyzing our past mistakes so from this point of view we can call it backward looking. But the business environment is ever changing and controlling helps bring in changes in the organization in a conducive manner. So we cannot ignore the forward looking aspect of it as well.

5. Controlling is a dynamic process- Since controlling requires taking reviewable methods, changes have to be made wherever possible.

6. Controlling is a positive process

George Terry says, the function of controlling is positive – it is to make things happen, i.e. to achieve the goal within stated constraints, or by means of the planned activities. Controlling should never be viewed as being negative in character – as a hurdle in getting objectives won. Controlling is a managerial necessity and a help, not an impediment or a hindrance.

Questions:

- 1. Which feature of controlling does it refer to when it is said that controlling is exercised at all levels of management? (1 mark)**
- 2. Why is controlling called an all pervasive function? Explain. (3 Marks)**
- 3. Why is controlling called a positive process? (3 marks)**
- 4. How is controlling both forward looking as well as backward looking? (3 marks)**
- 6. Explain the characteristics of controlling. (4 marks)**
- 7. There are two managers Mr. X and Mr. Y. They both have different point of views. Mr. X says that “controlling is backward looking” while Mr. Y contradicts by saying that “controlling is forward looking”. Who do you think is right? Give reason. (3 marks)**
- 8. ABC Ltd. is engaged in manufacturing ready made garments. The target production is 500 shirts per day. The company has been successfully attaining this target until last three months. The actual production has been varying between 400-450 shirts. Which management function is needed to rectify the situation? Write any two features associated with it. (3 marks)**

UNIT 10: FINANCIAL MARKETS

Sub Topic: Depository Services and Demat Account

Depository services

‘**Depository**’ is an institution / organization which holds securities (e.g. shares, debentures, bonds, mutual funds etc.) in electronic form, in which trading is done. The services provided by a Depository are termed as ‘**Depository Services**’. At present there are two depositories in India: NSDL (National Securities Depository Ltd.) and CDSL (Central Depository Services Ltd.).

Services provided by Depository

- Dematerialisation (usually known as demat) is converting physical certificates to electronic form
- Rematerialisation, known as remat, is reverse of demat, i.e. getting physical certificates from the electronic securities
- Transfer of securities, change of beneficial ownership
- Settlement of trades done on exchange connected to the Depository

Demat Account

Demat account is the abbreviation of 'Dematerialized Account'. Demat (Dematerialized) account refers to an account which an Indian citizen must open with the depository participant (banks, stockbrokers) to trade in listed securities in electronic form wherein one can hold shares of various companies in the Dematerialized {electronic} form.

Benefits of Depository Services and Demat Account

- Sale and Purchase of shares and stocks of any company on any stock exchange.
- Saves time
- No paperwork.
- Lower transaction costs.
- Ease in trading.
- Transparency in transactions.
- No counterfeiting of security certificate.
- Physical presence of investor is not required in stock exchange.
- Risk of mutilation and loss of security certificate is eliminated.

Questions:

1. What do you mean by 'Depository'? (1 Mark)
2. What is the full form of CDSL? (1 Mark)
3. What is the full form of NSDL? (1 Mark)
4. What is the full form of DEMAT? (1 Mark)
5. Where is a DEMAT account used? (1 Mark)
6. Shabnam wants to invest her savings in share market. What is the most important requirement for this? (1 Mark)
7. Juliee wants to get her share certificates in electronic form. What is the name of service provided by Depository? (1 Mark)
8. What are the services provided by a Depository? (3 Marks)
9. What are the benefits of opening a DEMAT account? (3 Marks)
10. Harjeet wants to invest money in share market. As a Financial advisor what will you suggest him to do and why? (3 Marks)
(Hint: Open a Demat account, explain benefits)

UNIT 11: MARKETING MANAGEMENT

Sub Topic: Qualities of a good salesman

1. **Physical qualities:** As goes the saying "“First impression is the last impression”, a good salesman can instantly connect with the customer if he is good looking and smart.
2. **Psychological qualities:** He should be friendly and patient. He should be able to talk in terms of the customer's interest and must create pleasant atmosphere to achieve favorable attention and interest on the part of the prospective buyer.
3. **Technical quality:** He should have full and updated knowledge about the product he is selling- its features, price and variety available. He should be aware of the nature of work carried on by the firm he is working for.
4. **Good communication skills:** He should be able to develop a good conversation with the customer. He should be confident while he is communicating and should be able to answer all the queries of the customer satisfactorily.

5. **Honesty:** It is a very important quality of a good salesman. In order to establish the goodwill of firm he must be honest and sincere in performing his duty. A salesman who resorts to selling inferior goods, charging higher rates, providing wrong information, giving exaggerated claims etc will cause a decline in goodwill of the firm in the long run.
6. **Courtesy:** A salesman who is polite and courteous generates buyer's confidence and selling the product becomes easy.
7. **Persistent:** "Never give up", is the spirit that a salesman should have. Making the customer buy maximum amount of a product is the ultimate task given to him.
8. **Capacity to inspire trust:** The salesman should have the convincing power to develop the belief in a customer that the product he is buying is the best product in the market.

Questions:

1. Rajat, a sales man in a ready- made garments show room made false claims about a coat in the kids segment about no need to get it dry cleaned in order to sell it to a customer. The customer bought it but after washing it, the coat got shrunk. What value was lacking in respect of Rajat? (1 mark)

[Hint: Honesty]

2. Aftab is scared of facing people. Can he become a good salesman? What qualities are required to become a good salesman? Write any three. (3 marks)

3. What are the qualities of a good salesman? (4 marks)

4. What is the most important requirement for personal selling? What skills are needed to perform it effectively? (5 marks)

[Hint: To have a good salesman]

UNIT 11: MARKETING MANAGEMENT

Sub Topic: Public Relations

Public Relations: Concept

The concept of Public Relations involves a variety of programmes to promote and protect a company's image or its products. It means to strengthen relations with various stake holders like customers, shareholders, employees, suppliers, investors etc. It is done through – news, speeches by corporate leaders, organizing events like sports events, concerts, seminars etc.

'Public Association Relations' defined public relations as " The art and social science of analyzing trends, predicting their consequences, counseling organizational leaders and implementing planned programme of action which will serve both the organization and the public interest."

“The Chartered Institute of Public Relations” defines Public Relations as ‘a strategic management function that adds value to an organization by helping it to manage its reputation;

Public relations covers a wide range of tactics, usually involve providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing tact.

Public Relation Tools include-

1.Press release : A press release is an announcement of an event, performance, or other newsworthy item that is issued to the press by a public relations professional of an organisation.

It is written in the form of a story with an attractive heading so that the media quickly grasps and circulates the message through newspapers/radio/television/internet.

2. Press Kits: It is a comprehensive package of information outlining a company's products and services most frequently sent to members of the press. It includes

A brief company biography

information of senior management

comments from customers

Reprints of newspaper and magazine articles

Photos of products

3.Brochures: It is a booklet published by the organization which contains the organization’s background, its ethics, vision, mission, its past, present and future projects, its USP, etc. Eg: brochure given to new employees to give them a gist of the organization.

4. Newsletters: It is a printed publication produced at regular intervals focusing on a particular set of people. The content of a newsletter is presented in a writing style that is less formal and letter-like. For example, a newsletter published by a college consists of information about activities conducted during a particular period, special achievements by students or teachers, etc.

5.Events and Press support: Special events are acts of news development. The ingredients are time, place, people, activities, drama, showmanship; one special event may have many subsidiary events, such as luncheons, banquets, contests, speeches, and many others as part of the build up.

6.Conferences and Seminars: Conferences and seminars are conducted for making people aware about the organization. For example travel companies generally call prospective clients and offer travel packages. The members are contacted through telephones and asked to attend seminar.

7.Websites: A website acts as a window for the outside world to know an organization. So it is designed not just to serve as a resource for members, also to present a positive message to nonmembers who are browsing through.

ROLE OF 'PR' IN AN ORGANISATION

- (i) Smooth functioning of business and achievement of objectives.
- (ii) Building corporate image that affects favorably on its products.
 - Up keep of parks, gardens, sponsoring sports activities etc.
- (iii) Build interest in the established product and help in launching Products.
- (iv) **Establishing positive image of products facing adverse publicity.** For example, soft drink majors- Pepsi, Coco-cola was subjected to a controversy that there were pesticides found in the samples collected from different areas. In this situation, the companies attracted severe criticism from various sectors like consumers, investors, government etc. This called for public relations exercise so that damage control could be done.
- (v) It acts as a **supplement to advertising** in promoting (new and existing) products.

Questions:

1. What does the term 'public relations' mean? (1 mark)
2. Give any 2 examples of 'public relation' tools used by a major soft drink company. (1 mark)
3. What is the role of 'public relations' in an organization? (1 mark)
4. A new movie "XYZ" is to be released in the month of December. Which department is going to look into the techniques of promoting the movie? What tools will they employ for the same? Explain any three. (4 marks)

5. A mobile company is launching a new high tech mobile phone in the market. What will be the role of public relations department in this case. What tools can it use to promote it? (5 marks)

UNIT 12: CONSUMER PROTECTION

Sub Topic: Against whom a complaint can be filed?

Consumer Protection Act, 1986 is applicable to all types of undertakings, whether big or small, private or public, or in co-operative sector, manufacturer or a trader, wholesaler or retailer, supplying goods or providing services.

Thus, **a complaint can be filed against:**

I. The seller, manufacturer or dealer of defective goods

Defect means any fault, imperfection or shortcoming in the quality, quantity or purity of goods.

2. The provider of services if they are deficient in any manner.

Deficiency means any imperfection, shortcoming or inadequacy in the quality, nature and manner of performance of services.

Consumer Protection Act, 1986 defines deficiency as “any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service”.

The term **service** includes any service that is not rendered free of charge.

The term deficiency has been applied differently to different sectors; For example, in the banking sector, acts such as delay in issuing a cheque book, non encashment of a cheque and delay have been held to be deficiency and whereas in the medical sector, courts are not as liberal and count only gross negligence as deficiency. The courts have however been proactive in holding that even departments such as the housing boards are liable for any deficiency in services rendered.

Questions:

- 1. Against whom can a complaint be filed by a consumer? (1 Mark)**
- 2. What does a 'defect in goods' mean? (1 Mark)**
- 3. What does a 'deficiency in services' mean? (1 Mark)**
- 4. If a dealer responds positively to a consumer's complaint, which value of the dealer is depicted? (1 Mark) (Hint: Honesty, commitment)**
- 5. Joseph had got a confirmed ticket on Jet Airways. The flight was later cancelled on account of technical problem. Is it a deficiency in service? What relief can Joseph seek in this regard? (3 Marks)**
- 6. Kabir bought a piece of cloth for getting a pant stitched from a dealer for Rs.1000/- with proper receipt. His tailor detected manufacturing defect in the pant piece. The shopkeeper refused to change or compensate. What relief can Kabir seek in this regard? (3 Marks)**
- 7. Mamta bought a branded computer for Rs. 30,000/- from an authorized dealer with proper receipt. There was a warranty of one year on the computer. When she used the computer at home, she detected that CD drive was not functioning properly due to technical reasons ? What remedy can she seek from the company? (3 Marks)**