

## **BCA 1ST Semester**

### **BCA-102 : FUNDAMENTALS OF MANAGEMENT**

#### **UNIT: 2**

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#### **Planning :**

Planning is the process of thinking regarding the activities required to achieve a desired goal. Planning is based on foresight, the fundamental capacity for mental time travel. The evolution of forethought, the capacity to think ahead, is considered to have been a prime mover in human evolution. Planning is a fundamental property of intelligent behavior. It involves the use of logic and imagination to visualise not only a desired end result, but the steps necessary to achieve that result.

#### **Objectives of planning :**

##### **(a) Economic Growth:**

Attainment of higher rate of economic growth received topmost priority in almost all the Five Year Plans of the country. As the economy of the country was suffering from acute poverty thus by attaining a higher rate of economic growth eradication of poverty is possible and the standard of living of our people can be improved.

##### **(b) Attaining Economic Equality and Social Justice:**

Reduction of economic inequalities and eradication of poverty are the second group of objective of almost all the Five Year Plans of our country particularly since the Fourth Plan. Due to the faulty approach followed in the initial part of our planning, economic inequality widened and poverty became acute.

##### **(c) Achieving Full Employment:**

Five Year Plans of India gave importance on the subject to employment generation since the Third Plan. The generation of more employment opportunities was considered as an objective of both the Third and Fourth Plan of our country. But up to the Fourth Plan employment generation never received its due priority.

##### **(d) Attaining Economic Self-Reliance:**

One of the very important objectives of Indian Planning is to attain economic self-reliance. But this objective attained its importance only since the Fourth Plan, when the plan aimed at

elimination of the import of food-grains under PL480. The Fifth Plan also laid much importance on the attainment of self-reliance.

### **(e) Modernisation of Various Sectors:**

Another very important objective of Five Year Plans of our country was the modernisation of various sectors and more specifically the modernisation of agricultural and industrial sectors. The Fourth Plan laid much emphasis on the modernisation of agricultural sector and undertook a vigorous scheme for modernisation of agriculture in the name of Green Revolution. The successive plans also continued their efforts in the same direction but at a reduced rate.

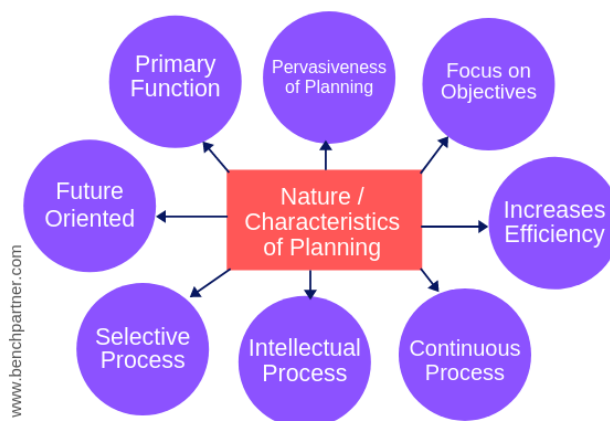
### **(f) Redressing Imbalances in the Economy:**

Regional disparities and imbalances in the economy have become so acute in India that it needed special attention in our Five Year Plans. Thus by regional development we mean economic development of all the regions by exploiting various natural and human resources and by increasing their per capita income and living standards.

## **Nature and Characteristics of Planning :**

There are some **nature of planning** and its also called the **characteristics of planning** which can show the best planning process.

1. Primary Function
2. Pervasiveness of Planning
3. Focus on Objectives
4. Future-Oriented
5. Selective Process
6. Intellectual Process
7. Continuous Process
8. Increases Efficiency



### **(1) Primary Function**

Planning is the primary function of management. It precedes all other management functions. Without setting the goals to be achieved and line of action to be followed there is no meaning of organizing, leading or controlling the activities of an organization. In fact, all other functions of management largely depend upon planning. It sets all other functions into action. Hence, it is the basic function of management.

### **(2) Pervasiveness of Planning**

Planning is a pervasive activity. Managers at all levels of organization perform the planning function. However, the nature and scope of planning may differ at various levels of management. Top management looks after strategic planning. The middle and lower management is concerned with administrative planning and operational planning respectively.

### **(3) Focus on Objectives**

A plan must focus on accomplishing certain objectives/goals. It identifies the actions that would lead to the desired objectives quickly and economically. Planning cannot be imagined without objectives.

### **(4) Future-Oriented**

Planning is always future-oriented because it is done for the future. It decides in the present what is to be done in the future. It is based on forecasting and a plan is a synthesis of forecasts. Thus, planning is based on farsightedness, which is forward looking in nature.

### **(5) Selective Process**

In order to achieve a set of objectives, there are a number of alternatives, which are available to an organization. The planning is essentially a process of choosing among alternatives. It is concerned with decision-making relating to

- what is to be done,
- how it is to be done
- when it is to be done, and
- by whom it is to be done.

### **(6) Intellectual Process**

Planning is an intellectual process, which involves creative thinking and imagination. Managers have to consider various courses of action, go in detail the pros and cons of every course of action and then finally decide which course of action may suit them best. It is not mere guesswork but involves rational thinking. It requires the mental ability to think before acting.

### **(7) Continuous Process**

Planning is a continuous and never ending process of a manager in an organization. The manager plans on the basis of some assumptions, which may not come true in the future.

Therefore, he has to go on modifying, revising and adjusting plans in the light of changing environment. A manager cannot plan once for all.

### **(8) Increases Efficiency**

Planning aims to increase the efficiency of the organization at all levels. The guiding principle of a good plan is the maximum output and profit at the minimum cost. Planning helps in the utilization of resources and reducing wastage. In planning, the manager evaluates the alternatives on the basis of efficiency. Hence, the concept of efficiency is implicit in planning.

## **Planning Process / Steps in Process of Planning in Management :**

1. Analyze Opportunities
2. Setting Goals
3. Determination of Premises
4. Determination of Alternatives
5. Evaluation of Alternatives
6. Selecting the Best Course of Action
7. Formulation of Derivative Plans
8. Implementation of the Plan
9. Reviewing the Planning Process

### **1. Analyze Opportunities**

This is the pre-step of planning. It is essential to make a successful plan. The management has to analyze the strengths, weaknesses, opportunities, and threats (SWOT) from the changing environment of the business.

### **2• Setting Goals**

This is the first and actual starting point of planning. The objectives must be specific, clear, and practical. Planning should be time-bound and expressed in numerical terms. They should not be idealistic or over-ambitious. A minor mistake in setting objectives might affect the implementation of a plan. Therefore, the management has to define the objective clearly by considering organizational resources and opportunities.

### **3. Determination of Premises**

Premises are assumptions of the future on the basis of which the plan is formulated. The future environment is estimated on the basis of forecasting. Premises may be tangible and intangible or internal and external. Tangible premises involve capital investment, units of production, units sold, cost per unit, time etc.

#### 4. Determination of Alternatives

Management needs to identify alternative courses of action for the achievement of organizational objectives. For this, it is essential to identify all the possible alternatives. The information about the alternatives may be obtained from primary and secondary sources. The management must develop alternatives through the support of experienced and intellectual experts in management. The determination of an alternative course of action is the basis of plan formulation.

#### 5. Evaluation of Alternatives

This is a logical step to evaluate each and every alternative from the cost and benefits point of view. Each alternative is studied and evaluated in terms of some common factors such as risk, responsibility, planning premises, resources, technology, etc. Therefore, management must apply a broad-based analytical approach for the evaluation of available alternatives.

#### 6. Selecting the Best Course of Action

Management selects the best course of action after evaluating all the alternatives. For this purpose, management has to consider past experience, present situation, and future contingencies of such a decision. Therefore, it is essential to consider the various premises and environments of an organization and their impact on the future course of action. Besides, it needs to forecast the comparative cost and benefit factors.

#### 7. Formulation of Derivative Plans

After selecting the course of action, it is essential to formulate action plans for each department of the organization. These action plans involve the formulation of policies, rules, schedules, and budgets to achieve defined objectives. It is difficult to implement a basic plan without the formulation of derivative plans.

#### 8. Implementation of the Plan

After the selection of a course of action and preparation of derivative plans, if not implemented, the plan remains on paper only. This step brings all the procedures of the plan into action. For the implementation of a plan, the management needs to take some steps such as communicating with subordinates who initiate plans into action, provide necessary instruction and guidance, make arrangements of all resources like materials, machines, money, equipment, etc. and make timely supervision and control of subordinates.

## 9. Reviewing the Planning Process

Planning is a continuous function and lasts until the organization is in existence. For this, it is necessary to know about the actual performance. The manager can take corrective action in proper time only after evaluating the actual performance. The right decision at the right time is necessary to achieve objectives according to the plan. It is also essential to adapt to the changing environment of the business.

### IMPORTANCE OF PLANNING

Planning seems to take a lot of effort. As a managerial function planning is important due to the following reasons:-

#### **i. Planning provides direction:**

Planning provides direction to managers and non-managers alike. When employees know what their organization or work unit is trying to accomplish and what they must contribute in order to reach goals, they can coordinate their activities, cooperate with each other and do what it takes to accomplish those goals. Without planning, department and individuals might work at cross-purpose and prevent the organization from efficiently achieving goals.

#### **ii. Planning reduces / Offset uncertainty and change:**

Planning reduces uncertainty by forcing managers to look ahead, anticipate change, consider the impact of change, and develop appropriate response. Although planning won't eliminate uncertainty, managers plan so they can respond efficiently. Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.

#### **iii. Planning Minimizes waste and redundancy:**

Planning Minimizes waste and redundancy. When work activity is coordinated around plans, inefficiency becomes obvious and can be corrected and eliminated.

#### **iv. Planning establishes the goals or standard to make control effective:**

When managers plan, they develop goals and plan. When they control they see whether the plans have been carried out and the goals met. Without planning there would be no goals against which to measure or evaluate work effort. The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

**v. To manage by objectives:**

All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.

**vi. To help in co-ordination:**

Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.

**vii. To secure economy in operation:**

Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.

**viii. To increase organizational effectiveness:**

Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

**The Decision-Making Process**

A **decision** is a choice made from two or more alternatives. The **decision-making process** is a set of eight steps that include the following:

**? Identifying a problem:**

A problem is a discrepancy between an existing state and a desired state of affairs. In order to identify a problem, a manager should be able to differentiate the problem from its symptom; he should be under pressure to taken action and must have the authority and resources to take action.

**? Identifying decision criteria:**

Decision criteria are criteria that define what is relevant in a decision.

**? Allocating weights to the criteria:**

The criteria identified in the previous step of the decision-making process may not have equal importance. So he decision maker must assign a weight to each of the items in order to give each item accurate priority in the decision.

**? Developing alternatives:**

The decision maker should then identify viable alternatives that could resolve the problem.

**? Analyzing alternatives:**

Each of the alternatives are then critically analyzed by evaluating it against the criteria established in Steps 2 and 3.

**? Selecting an alternative:**

The next step is to select the best alternative from among those identified and assessed. If criteria weights have been used, the decision maker would select the alternative that received the highest score in Step 5.

**? Implementing the alternative:**

The selected alternative is implemented by effectively communicating the decision to the individuals who would be affected by it and their commitment to the decision is acquired.

**? Evaluating decision effectiveness:**

The last step in the decision-making process is to assess the result of the decision in order to determine whether or not the problem has been resolved.