

CLASS XII

***Supplementary
Reading Material
in Business Studies***

**EFFECTIVE FOR BOARD
EXAMINATION – 2013**



CENTRAL BOARD OF SECONDARY EDUCATION

Preet Vihar, Delhi - 110092

UNIT: PLANNING

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 PLANS

Single use plans apply to activities that do not recur or repeat. Single use plan is one time plan specifically designed to achieve particular goal that, once achieved will not recur in the future. 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.

STANDING PLANS - KNOWN AS REPEAT USE 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.

OBJECTIVES, STRATEGY, POLICY, PROCEDURE, METHOD, RULE, BUDGET AND PROGRAMME (Please look up NCERT book for them)

UNIT: STAFFING

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.

UNIT: DIRECTING

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.

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.

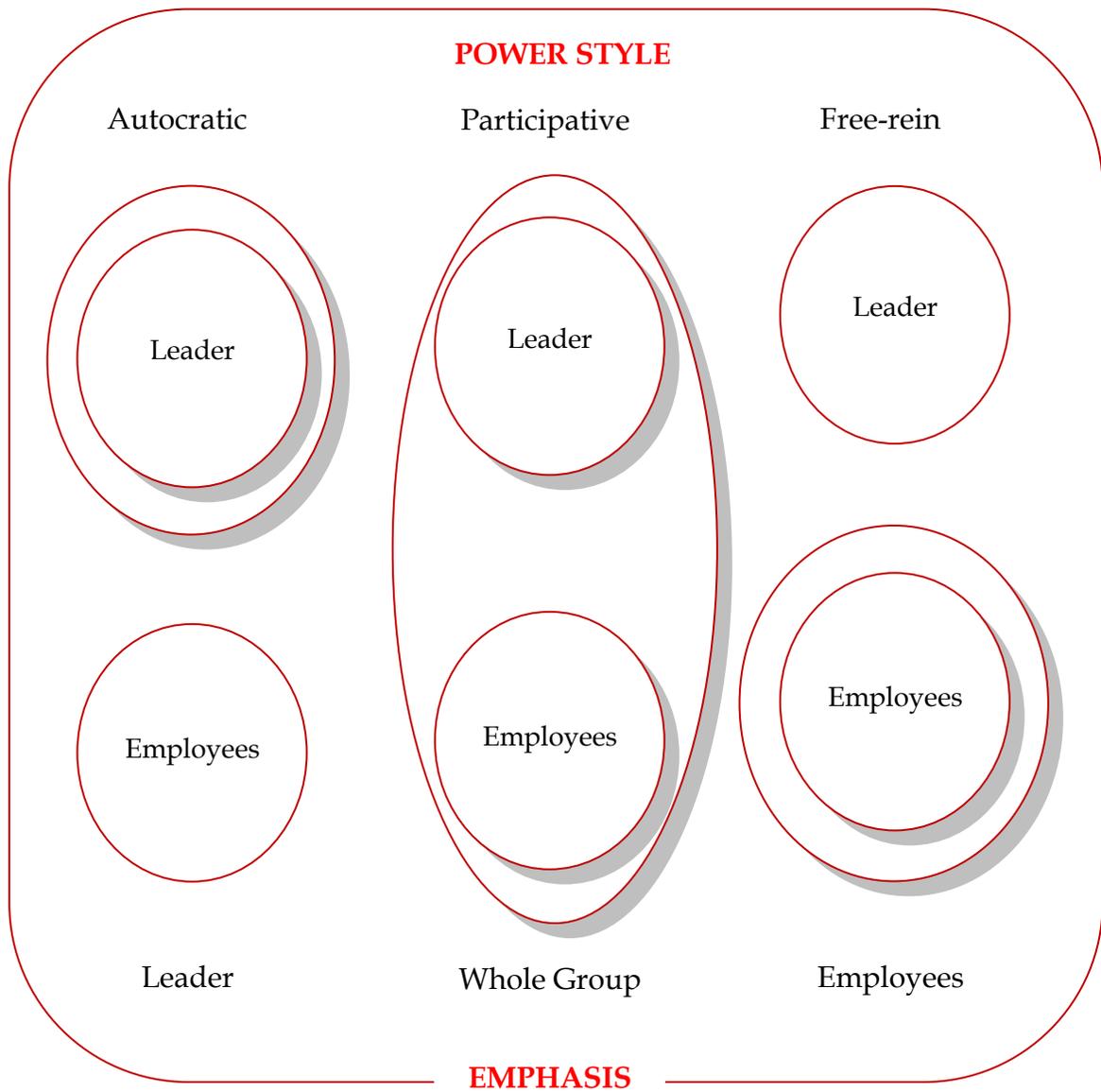
(Mr. Ulhas is behaving as an autocratic leader)

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)

The staff plans to organize a party in honor of Ms. Geeta as she got promoted. 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)



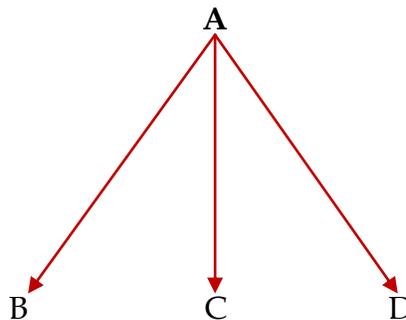
AUTOCRATIC OR AUTHORITARIAN LEADER

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.



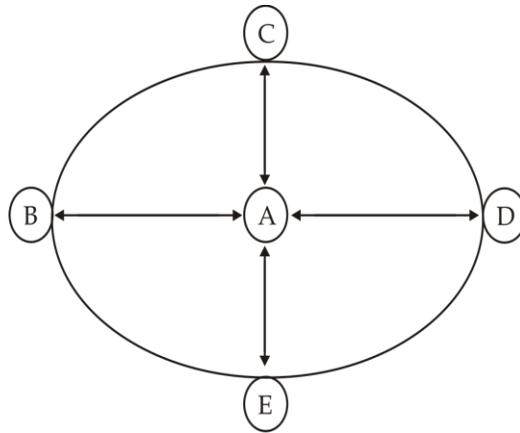
A is the leader - Boss - Centered - Leadership

PARTICIPATIVE OR DEMOCRATIC 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.



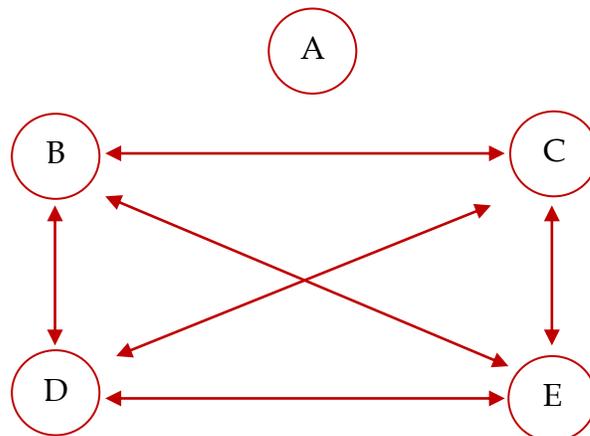
A is the leader - Group Centered - Leadership

FREE REIN OR LAISSEZ FAIRE 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*

UNIT: CONTROLLING

NATURE OF CONTROLLING

1. Controlling is a goal oriented function.
2. Controlling is an all pervasive (Top, middle and Operational Level) function.
3. Controlling is both a backward looking as well as forward looking function.
4. Controlling is a continuous function.

UNIT: MARKETING MANAGEMENT

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.

Traditional Public Relation Tools include- Press release and Press Kits which are distributed to the media to generate interest from the Press.

Other widely known Tools include- Brochures, Newsletters and Annual Reports.

- Role:**
- (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.

QUALITIES OF A GOOD SALESMAN

1. Physical qualities: Good looking, healthy,
2. Psychological qualities: Sweet natured, Good behavior, mentally healthy,
3. Technical quality: Full technical knowledge about the product,
4. Good communication skills,
5. Honesty,
6. Courtesy,
7. Persistent,
8. Capacity to inspire trust.

UNIT: FINANCIAL MARKETS

TRADING PROCEDURE ON A STOCK EXCHANGE

The procedure for purchase and sale of securities in a stock exchange involves the following steps:

1. Selection of a broker

The first step is to select a broker who will buy / sell securities on behalf of the speculator/ investor. This is necessary because trading of securities can only be

done through SEBI registered brokers who are the members of a stock exchange. Brokers may be individuals, partnership firms or corporate bodies.

2. Opening demat account with Depository

The next step is to open a demat 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.

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

Depository interacts with the investor through depository participants. PDS are agents - Stock brokers. Your Depository participant will maintain your securities account balances and intimate to you the status of your holding from time to time.

3. Placing the order

The next step is to place the order with the broker. The order can be communicated to the broker either personally or through telephone, cell phone, e-mail etc.

The instructions should specify the securities to be bought or sold and the price range within which the order is to be executed. Only the securities of listed companies can be traded on the stock exchange.

4. Executing the order

According to the instructions of the investor, the broker buys or sells securities.

The broker then issues a contract note. A copy of the contract note contains the name and the price of securities, names of the parties, brokerage charges. It is signed by the broker.

5. Settlement

This is the last stage in the trading of securities done by the brokers on behalf of their clients. The mode of settlement depends upon the nature of the contract.

Equity spot markets follow a T + 2 rolling settlement. This means that any trade taking place on Monday gets settled by Wednesday. All trading on stock exchanges takes place between 9:55 am and 3:30 pm, Indian Standard Time, Monday to Friday. Delivery of shares must be made in dematerialized form, and each exchange has its own clearing house, which assumes all settlement risk.

UNIT: CONSUMER PROTECTION

AGAINST WHOM A COMPLAINT CAN BE FILED

1. The seller, manufacturer or dealer of goods which are defective.

'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.