

CBSE Test Paper - 02
Chapter - 8 Controlling

1. Planning without controlling is _____ (1)
 - a. Cheap
 - b. Meaningless
 - c. Costly
 - d. Effective
2. What is the first step in controlling process? (1)
 - a. Measurement of actual performance
 - b. Analysing deviations
 - c. Comparing actual performance with standards
 - d. Setting performance standards
3. An efficient control system helps to (1)
 - a. Accomplishes organisational objectives
 - b. Judges accuracy of standards
 - c. All of these
 - d. Boosts employee morale
4. Which of the following is a limitation of controlling? (1)
 - a. Controlling is expensive
 - b. Controlling is goal oriented
 - c. Controlling ensures order and discipline
 - d. Controlling improves employee motivation
5. What is important while analyzing deviations in controlling? (1)
6. When is corrective action required in controlling? (1)
7. Control should focus on key result areas (KRAs) which are important to the success of an organization. Which concept is suggested here while analyzing deviations in

performance of activities? **(1)**

8. Why it is said that “Controlling is a continuous activity”? **(1)**
9. Why it is said that planning is meaningless without controlling? **(3)**
10. “Controlling is looking back”. Explain. **(3)**
11. “Planning is looking ahead and controlling is looking back”. Comment. **(4)**
12. Explain the limitations of Controlling. **(4)**
13. How can the company relate its planning with control in this line of business to ensure that its plans are actually implemented and targets attained? **(5)**
14. Love and Kush are two friends. Both are MBA (Final year) students. One day, their professor called them to class stage for a surprise test. He told that one of them will establish relationship between any two functions of management. Then, the other one, will establish reverse relationship between the same two functions. Both will have to give justification for the relationship explained by them. It was a test carrying 50 marks. Both the students were intelligent and skillful. Love was the first to speak. Love said that in his opinion of the two functions of management selected by him one is always looking ahead (future) and the other is looking back (past). No sooner did love express his opinion, than Kush identified the functions selected by him (Love). In his reply, Kush said that the one function stated by Love to have been looking ahead was in his opinion, looking back and the other one stated by in (Love) to have been looking back was looking ahead.
 - a. Identify the functions of the management discussed in the above paragraph.
 - b. Justify the contrary relations of management functions as viewed by Love and Kush. **(5)**
15. Explain the various steps involved in the process of control. **(6)**

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Answer

1. b. Meaningless

Explanation:

The process of controlling starts with planning the task and ends with taking corrective actions to rectify the variations or deviations occurred. Thus, if we need to take corrective actions we need to access the deviations. Thereby looking into the plan and comparing with the actuals is an integral part of controlling function.

2. d. Setting performance standards

Explanation:

The steps in controlling process are 1. setting performance standards, 2. measurement of actual performance, 3. comparing actual performance with standards set, 4 analysis of deviations or variances, 5 communicating the variance or deviations 6 taking corrective action.

3. c. All of these

Explanation:

Employees have the clarity of goals to be achieved thus, making it clear and easy for performance, Organisational objectives are stated, thus making the employee set up achievable standards towards achieving the organizational goals. Thus, an efficient control system is able to achieve better results in terms of organizational goals, employee morale and motivation, clarity in standards and setting up of achievable standards.

4. a. Controlling is expensive

Explanation:

The process of controlling starts from planning and ends with taking corrective steps in the direction of deviations identified. But, the process is expensive in terms of time spent and the expenditure incurred on the technology used or technique adopted. It is important that the organization achieves maximum profit through the effective and efficient use of all resources employed. Thus,

when a tally is drawn between the expenditure and time spent on the controlling activity and the result achieved may make expenditure on the activity of controlling a limitation.

5. It is really important to find out the acceptable range of deviations in the key result areas while analyzing the deviations.
6. When the deviation lies in Key or Main areas, there is a need to take corrective action. For e.g. Increase in toatal cost of production by Rs. 5 is not a matter of concern whereas if this cost rises per unit, it needs a corrective action.
7. Critical Point Control is suggested here which guides the manager to focus on Key or Important areas.
8. Controlling is a continuous and pervasive process, a manager continuously have to keep a check on the working of subordinates that every task has been done on time with accuracy. It involves a constant review of actual performance for taking correct actions, if any.
9. In the absence of controlling, any organization cannot predict its performance and planning is done to fill the deviation between actual performance and estimated performance.
10. Controlling is looking back as it is like a post-mortem of past activities to find out deviations from the standards established. In fact, the objective of controlling is to check the factors responsible for poor performance in the past, so that such mistakes are not repeated in future and the organisation can achieve its predetermined objectives . Hence, controlling is looking back.
11. The given statement is not fully correct.

From the point view of Planning	From the point of view of Controlling
Planning is looking ahead: Planning is looking ahead and is called a forward-looking function because on this basis the future of the company is decided. All plans are prepared for future and implementation comes back to planning. All plans are based on forecasting about future conditions, which are based on real experiences.	Controlling is looking ahead: Controlling is a forward-looking function of management because it involves amendment of future plans All corrective action initiated by the management through controlling will help in improving the future performance because it involves removing the deviation between actual and standard

	performance
Controlling is looking back: Controlling is concerned with the post-mortem of past activities. Planning is a backward-looking function because as mentioned above, all decisions are taken as per the experience.	Planning is looking back: Planning is done by past experiences because a plan has to be made taking past experiences in mind While formulating a plan, it is important to keep in mind all previous problems faced and other good or bad experiences of the past.

12. Limitations of Controlling:

- i. **Difficulty in setting quantitative standards:** Control system loses its effectiveness when standard of performance cannot be defined in quantitative terms and it is very difficult to set quantitative standard for human behaviour, efficiency level, job satisfaction, employee's morale, etc. In such cases judgment depends upon the discretion of manager.
- ii. **No control on external factors:** An enterprise cannot control the external factors such as government policy, technological changes, change in fashion, change in competitor's policy, etc.
- iii. **Resistance from employees:** Employees often resist control and as a result effectiveness of control reduces. Employees feel control reduces or curtails their freedom. Employees may resist and go against the use of cameras, to observe them minutely.
- iv. **Costly affair:** Control is an expensive process it involves lot of time and effort as sufficient attention has to be paid to observe the performance of the employees. To install an expensive control system organisations have to spend large amount. Management must compare the benefits of controlling system with the cost involved in installing them. The benefits must be more than the cost involved then only controlling will be effective otherwise it will lead to inefficiency.

13. Planning and controlling are inter-related to each other. Planning sets the goals for the organization and controlling ensures their accomplishment. Planning decides the control process and controlling provides a sound basis for planning. In reality planning and controlling are both dependent on each other. The relationship between planning and control can be explained as follows:

- i. **Planning Originates Controlling:** In planning the objectives or targets are set in

order to achieve these targets control process is needed. So planning precedes control.

- ii. **Controlling Sustains Planning:** Controlling directs the course of planning. Controlling spots the areas where planning is required.
 - iii. **Controlling Provides Information for Planning:** In controlling the actual performance is compared to the standards set and records the deviations, if any. The information collected for exercising control is used for planning also.
 - iv. **Planning and Controlling are Interrelated:** Planning is the first function of management. The other functions like organizing, staffing, directing etc. are organized for implementing plans. Control records the actual performance and compares it with standards set. In case the performance is less than that of standards set then deviations are ascertained. Proper corrective measures are taken to improve performance in the future. Planning is the first function and control is the last one. Both are dependent upon each other.
 - v. **Planning and Control are Forward-Looking:** Planning and control are concerned with the future activities of the business. Planning is always for future and control is also forward-looking. No one can control the past, it is the future which can be controlled. Planning and controlling are concerned with the achievement of business goals. Their combined efforts are to reach maximum output with the minimum of cost. Both systematic planning and organized controls are essential to achieve organizational goals.
14. a. Planning and Controlling are the functions of the management discussed in the above paragraph. Planning is the fundamental management function, which involves **deciding beforehand**, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an **intellectual process** which **lays down organisation's objectives and develops various courses of action**, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal. Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being used effectively & efficiently for the

achievement of predetermined goals.

- b. i. Love's reply and relations between the functions of management. Planning is Looking Ahead whereas Controlling is Looking Back: Plans are always formulated for future and determine the future course of action for the achievement of set objectives. On the contrary, controlling is looking back because under it a manager tries to find out after the completion of the work, whether it has been done as per the standard or not. It is thus obvious that planning looks ahead (in the future) and controlling looks backward (in the past).
- ii. Kush's reply and relationship between the functions of management. Planning is Looking back whereas Controlling is Looking ahead: Kush's reply and relations between the functions of management. Planning is called looking back because the plans are formulated on the basis of the happening in the past or on the basis of experience. On the other hand, controlling evaluates the work done in the past but the corrective measures are taken in future. Thus, there is no denying the fact that planning looks backward while controlling looks ahead.

15. Steps involved in the process of control are: Step 1:- Setting performance

standards: The first step in the process of controlling is concerned with setting performance standards. These standards are the basis for measuring the actual performance. Thus, standards act as a lighthouse that warns & guides the ships at sea. Standards are the benchmarks towards which the efforts of the entire organisation are directed. These standards can be expressed both in quantitative and qualitative terms. **Step 2:- Measurement of actual performance:** Once the standards have been determined, the next step is to measure the actual performance. The various techniques for measuring are sample checking, performance reports, personal observation etc. However, in order to facilitate easy comparison, the performance should be measured on the same basis that the standards have. Following are some of the ways for measuring performance:

- a. Superior prepares a report regarding the performance of an employee
- b. Various ratios like gross profit ratio, debtor turnover ratio, return on investment, current ratio etc. are calculated at periodic intervals to measure a company's performance.

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- c. Progress made in areas like marketing can be measured by considering the number of units, increase in market share etc

Step 3:- Comparing actual performance with standards: This step involves a comparison of actual performance with the standard. Comparison between actual performance and standard will reveal the deviation between actual and desired results. Deviation means the difference between actual performance and standard performance. If actual performance is matching with the standards then the controlling function ends there only. But if there is mismatch or deviation between actual performance and the standard then the manager tries to find out the reasons for deviation. It is easier to compare the actual performance with the standard when standards are set in quantitative terms. **Step 4:- Analysing deviation:** Analysing deviation means identifying the reasons of difference or deviations, which may be defective material, defective machinery, defective physical conditions of work etc. It is important to determine the acceptable range of deviations, say 5%. It means minor or very small deviations should be ignored, for example, 3 units less produced by David. **Step 5:- Taking corrective action:** Taking corrective action is the final step in the controlling process. If deviations are within the acceptable limits, then no need to take corrective action. But if deviations go beyond the acceptable range, especially in the critical areas, it requires immediate action so that it will not take place again. Corrective action might involve; Training to employees, Additional workers and equipment, Overtime work, Modify the existing process and Technology up-gradation.