

**CBSE Test Paper - 04**  
**Chapter - 8 Controlling**

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1. When actual performance is better than the standard performance it is called\_\_\_\_ **(1)**
  - a. Poor Deviation
  - b. None of these
  - c. Positive Deviation
  - d. Negative Deviation
2. There is one popular saying that Planning is looking \_\_\_\_\_ while controlling is looking \_\_\_\_\_ **(1)**
  - a. Future, Present
  - b. Ahead, Back
  - c. Back, Ahead
  - d. None of these
3. Which of the following is a technique of controlling? **(1)**
  - a. All of these
  - b. Managerial Audit
  - c. Break even analysis
  - d. Budget
4. Controlling is necessary for \_\_\_\_\_ **(1)**
  - a. Large Scale Enterprise
  - b. Medium Level Enterprise
  - c. All of these
  - d. Small Scale Enterprise
5. Which two steps in the process of controlling are concerned with compelling events to confirm to the plan? **(1)**
6. Give meaning of the term 'Deviation' as used in the control function of management. **(1)**
7. Which function of management ensures that actual activities confirm to planned activities? **(1)**
8. What should be the focus point for a manager while controlling, as controlling at each and every step is not possible? **(1)**

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9. Explain the meaning of controlling. **(3)**
10. Explain how 'management by exception' helps in the controlling process. **(3)**
11. Raghav started a take away eating joint in a nearby market. His business was doing well. He ensured that the food was properly cooked, a standard taste was maintained, packing of food was done effectively and the orders were executed on time. But unfortunately, he met with an accident and was advised three months of bed rest. In his absence, his cousin Rohit took charge of his business. When he resumed his work after three months, he realised that his clientele had dropped. The people were not happy with the services as the quality of food had deteriorated and the delivery time for orders had increased considerably. All this was happening because most of his previous staff had left as Rohit used to adopt a very strict and authoritative approach towards them.
- In the context of the above case:
- List any two aspects about his business that Raghav was controlling in order to make it successful.
  - Explain briefly any two points to highlight the importance of the controlling function.
  - Name and explain the style of leadership adopted by Rohit. **(4)**
12. How does controlling help in achieving objectives and improving employee's morale ? **(4)**
13. What techniques of control can the company use? **(5)**
14. What is meant by co-ordination? State its any four features. **(5)**
15. A production incharge was given a standard toy-train. He was asked to produce similar other toy-trains. What control process would he follow? **(6)**

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**Answer**

1. c. Positive Deviation

**Explanation:**

The third step in controlling is comparing the actual performance against the set standard of a particular task. When the actual raises above the mark of the set standard then such a deviation is called positive deviation. Such a deviation is also a hint towards a requisition of revising the set standard keeping in mind a continuous enhancement in performance levels.

2. b. Ahead, Back

**Explanation:**

Managing any task or job starts with planning the task that is looking ahead or forward. When management of the task has to be effective and efficient it has to be audited or controlled by looking back or taking a check of how the task has been conducted or performed. Thus, delivering the task effectively and also enhancing the performance.

3. a. All of these

**Explanation:**

The techniques of controlling are direct supervision and observation, financial statement analysis, budgetary control, break even analysis, return on investment, management by objectives, management audit, management by objectives (MBO) , MIS- Management Information Systems, PERT and CPM and self control.

4. c. All of these

**Explanation:**

Controlling being an integral part of the management process is a prime function of the process. Small , medium and large business organizations necessarily are engaged in the process of managing their business units efficiently and effectively through the management process. Controlling aims at ensuring that the organizational resources are used effeciently and effectively,

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thus making it necessary for all kinds of business concerns to execute the control function.

5. The two steps are:
  - i. Comparison of actual performance with standard Performance and
  - ii. Taking corrective action.
6. Deviation is the difference between Actual and Planned Performance. It can be positive as well as negative. E.g. A Co. Planned to produce 120 units but produced 100 only.  $\text{Deviation} = 120 - 100$ , i.e. 20 units.
7. Controlling is the function that ensures that actual activities conform to planned activities.
8. For a manager, the most important thing is to focus on Key Result Areas (KRAs), which are critical to the success of an organisation.
9. Controlling is a basic managerial function. Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established.
10. Management by exception, when applied to business is a style of management that gives employees the responsibility to take decisions and to fulfill their work or projects by themselves. It consists of focus and analysis of statistically relevant anomalies in the data. If an unusual situation or deviation in the recorded data appears, which could cause difficulties for the business and can't be managed by the employee at his level, the employee should pass the decision on to the next higher level.
11.
  - a. The two aspects about his business that Raghav was controlling in order to make it successful are listed below.
    - i. A standard taste was maintained.
    - ii. The orders were executed on time.
  - b. The two points that highlight the importance of the controlling function are listed below:
    - i. Making Efficient use of Resources: Another important function of controlling is that in this each activity is performed in such a manner in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

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- ii. Ensuring Order & Discipline: Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behaviour on the part of the employees. It keeps a close check on the activities of employees and the company can be able to track and find out the dishonest employees by using computer monitoring as a part of their control system.
  - c. Rohit had adopted an autocratic style of leadership. An autocratic leader expects strict compliance from his subordinates with regard to the orders and instructions given by him. Therefore, it involves only one-way communication.
12. Controlling helps in achieving objectives and improving employees' morale by following ways:
- i. By continuously measuring the performance in the light of organisational goals brings out the deviations, if any, and indicates the corrective actions to be taken which helps in measuring the status. Thus, controlling keeps the organisation on the right track and helps the organisation to manage future contingencies.
  - ii. The implementation of controlling makes all the employees to work with complete dedication and boost their morale because they are aware that their performance will be evaluated, and they will have a chance to build their reputation in the organisation. The employees with good performance record are promoted or given higher incentives or bonus for their achievement.
13. The company should follow modern techniques to control the system
- i. **ROI (Return on Investment):** Return on investment (ROI) is a ratio between the net profit and cost of **investment** resulting from an **investment** of some resources. As a performance measure, **ROI** is used to evaluate the efficiency of an **investment** or to compare the efficiencies of several different **investments**.
  - ii. **Responsibility Accounting:** The systems of costing like standard costing and budgetary control are useful to management for controlling the costs. In those systems the emphasis is on the devices of control and not on those who use such devices. Responsibility Accounting is a system of control where responsibility is assigned for the control of costs. The persons are made responsible for the control of costs. Proper authority is given to the persons so that they are able to keep up their performance. In case the performance is not according to the predetermined standards then the persons who are assigned this duty will be personally responsible for it. In responsibility accounting the emphasis is on men rather than

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on systems.

- iii. **MIS (Management Information System):** A management information system (MIS) is a computer system consisting of hardware and software that serves as the backbone of an organization's operations. An MIS gathers data from multiple online systems, analyzes the information, and reports data to aid in management decision-making. MIS is also the study of how such systems work.

- 14. Coordination is the function of management which ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments. **it's features are as follows:**
  - i. It is relevant for group efforts and not for individual efforts. Coordination involves an orderly pattern of group efforts. In the case of individual efforts, since the performance of the individual does not affect the functioning of others, the need for coordination does not arise.
  - ii. It is a continuous and dynamic process. Continuous because it is achieved through the performance of different functions. Also, it is dynamic since functions can change according to the stage of work.
  - iii. Most organizations have some sort of coordination in place. However, the management can always make special efforts to improve it.
  - iv. Coordination emphasizes the unity of efforts. This involves fixing the time and manner in which the various functions are performed in the organization. This allows individuals to integrate with the overall process.
- 15. **Various steps in the controlling process:**
  - 1. **Establishing goals and standards:** The task of fixing goals and standards takes place while planning but it plays a big role in controlling also. This is because the main aim of controlling is to direct a business's actions towards its goals. If the members of an organization know their goals clearly, they will invest their entire focus in achieving them. It is very important for managers to communicate their organization's goals, standards and objectives as clearly as possible. There must never be ambiguities amongst employees in this regard. If everybody works towards common goals, it becomes easier for an organization to flourish. The goals that managers have to set and work towards may be either tangible/specific or intangible/abstract. Tangible goals are those which are easy to quantify in numerical terms. On the other hand, intangible goals are those which are not

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quantifiable numerically.

2. **Measuring actual performance against goals and standards:** Once managers know what their goals are, they should next measure their actual performance and compare. This step basically helps them in knowing whether their plans are working as intended. After implementing a plan, managers have to constantly monitor and evaluate them. They must always be ready to take corrective measures if things are not working properly. In order to do this, they should keep comparing their actual performance with their ultimate goals. Apart from taking corrective action, this step of process control also helps managers in predicting future problems. This way they can take measures immediately and save their business from losses. In order to compare their actual performance, managers first have to measure it. They can do so by measuring results in monetary terms, seeking customer feedback, appointing financial experts, etc. This can often become difficult if managers want to measure intangible standards like industrial relations, market reputation, etc.
3. **Taking corrective action:** In case there are discrepancies between actual performances and goals, managers need to take corrective actions immediately. Timely corrective actions can reduce losses as well as prevent them from arising in the future again. Sometimes, business organizations formulate default corrective actions in the form of policies. This, however, can be difficult to do when it comes to complicated problems. In such cases, managers need to first quantify the defect and prepare a course of action to remedy it. Sometimes, they may have to take extraordinary measures for unpredictable problems.
4. **Following up on corrective action:** Just taking corrective measures is not enough; managers must also take them to their logical conclusion. Even this step requires thorough evaluations and comparisons. Managers should stick to the problem until they solve it. If they refer it to a subordinate, they must stay around and see to it that he completes the task. They may even mentor him personally so that he may be able to solve such problems by himself later.