

## Remembering-based Questions

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**[1 mark]**

**Q.1. Define controlling.**

**Ans.** According to Philip Kotler, “Control is the process of taking steps to bring actual results and desired results closer together.”

**Q.2. What do you mean by Quantitative Standards?**

**Ans.** They are the standards which are shown with the help of figures, e.g., production of 10 units by a labourer in a day.

**Q.3. Which two standards will you suggest for production department?**

**Ans.**

- i. Quality
- ii. Quantity.

**[3 marks]**

**Q.1. What are the main basis of setting standards?**

**Ans.** There are chiefly four basis for setting standards:

- i. Quantity
  - ii. Quality
  - iii. Time
  - iv. Cost
- Quantity Standards are related to production, sales, stock, etc. Quality Standards are related to raw material finished goods, customers' service and employees' morale. Time Standards refer to the time consumed in the production of goods. Similarly, Cost Standards refer to labour, material and other expenses.

**[4 marks]**

**Q.1. Write main standards to be used in various functional areas.**

**Ans. Standards Used in Various Functional Areas**

Functional Areas	Standard-1	Standard-2	Standard-3	Standard-4
1. Production	Quality	Quantity	Cost	Individual Production
2. Marketing	Sales Volume	Sales Expenses	Target of Sales persons	—

3. Personnel Management	Labour Relations	Labour Turnover Rate	Absenteeism Rate	Dispute Rate
4. Finance and Accounting	Capital Expenditure	Flow of Capital	Liquidity	—

## Q.2. What factors have to be considered while deciding standards?

**Ans.** Following facts should be kept in mind while setting standards:

- i. Standards should be reasonable. (It should be neither too easy to achieve nor practically very tough to achieve. The first would result in lethargy to the workers and second would frustrate them.)
- ii. Standards should be measurable
- iii. Standards should be flexible so that changes can be introduced according to the changing situations.
- iv. Standards should be simple and clear so that the people for whom they are laid down should understand them easily.

**[5 marks]**

## Q.1. Explain any five points which highlight the importance of 'controlling' function in management.

*[CBSE 2013]*

**Ans.**

- i. **Accomplishing Organisational Goals:** The controlling process is implemented to take care of the plans. With the help of controlling, deviations are immediately detected and corrective action is taken. Therefore, the difference between the expected results and the actual results is reduced to the minimum. In this way, controlling is helpful in achieving the goals.
- ii. **Judging Accuracy of Standards:** While performing the function of controlling, a manager compares the actual work performance with the standards. He tries to find out whether the laid down standards are not more or less than the general standards. In case of need, they are redefined.
- iii. **Making Efficient Use of Resources:** Controlling makes it possible to use human and physical resources efficiently. Under controlling, it is ensured that no employee deliberately delays his work performance. In the same way, wastage in all the physical resources is checked.
- iv. **Improving Employee Motivation:** Through the medium of controlling, an effort is made to motivate the employees. The implementation of controlling makes all the employees to work with complete dedication because they know that their work performance will be evaluated and if the progress report is satisfactory, they will have their identity in the organisation.

- v. **Ensuring Order and Discipline:** Controlling ensures order and discipline. With its implementation, all the undesirable activities like theft, corruption, delay in work and uncooperative attitude are checked. As a result, discipline is established in the organisation.

**Q.2. Explain the steps in the controlling process.**

[CBSE 2016]

**Ans. Various steps in the controlling process:**

- i. **Setting performance standards:** The standards of performance are set which serve as the criteria against which actual performance will be measured.
- ii. **Measurement of Actual Performance:** The measurement of actual performance is done on the basis of pre-determined standards. It tells the manager whether the work has been done according to the plan or not.
- iii. **Comparing actual performance with the standards:** Actual performance is compared with the standards to find out the deviation.
- iv. **Analysing deviations:** Deviations are analysed for their causes through Critical Point Control and Management by Exception.
- v. **Taking corrective action:** Corrective action is taken if deviations go beyond the acceptable limits.

**Q.3. Explain the relationship between controlling and planning functions of management.**

[CBSE 2016]

**Ans. Relationship between Planning and Controlling:**

- i. Interdependence between Planning and Controlling
  - ii. Difference between Planning and Controlling.
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- i. **Interdependence between Planning and Controlling:** There is a deep relationship between the controlling and planning functions of management. Showing the importance of their relationship, it is generally said that planning is meaningless without controlling and controlling is blind without planning. Both the aspects of the interdependence of planning and control have been detailed below:
    - a. *Planning is Meaningless without Controlling:* If the process of controlling is taken away from management, no person working in the enterprise will take it seriously to work according to the plans. Consequently, the plans will fail.
    - b. *Controlling is Blind without Planning:* Under the process of controlling, actual work performance is compared with the standards. Hence, if the standards are not determined there is no justification left for controlling, and the standards are determined under planning. It is, therefore, said that controlling is blind without planning.

- ii. **Difference between Planning and Controlling:** The following points are helpful to clarify their independent character:
- a. *Planning is Looking Ahead whereas Controlling is Looking Back:* Plans are always formulated for future. On the contrary, controlling is looking back because under it a manager tries to find out, after the work is completed, whether it has been done according to the standards or not. It is thus clear that planning looks ahead and controlling looks backward or in the past.
  - b. *Planning is the First Function and Controlling is the Last Function of Managerial Process:* The managerial process moves in a definite sequence like planning, organising, staffing, directing, and controlling. This sequence shows that planning is the first step in the managerial process and controlling happens to be the last step.