



Class: XII Business Studies	Department: Commerce
Worksheet No:8	Topic: Controlling

A. Fill in the blanks

1. No corrective action is needed when _____ are within acceptable limits.(deviation) (Knowledge)
2. Planning without _____-is meaningless.(controlling)
3. Controlling takes place on the basis of _____developed by planning.(standards)
4. A manager who try to_____ everything may end up controlling nothing.(control)
5. Deviations refers to difference between _____performance and plan performance.(actual)
6. Feedback refers to _____ regarding the reasons for mismatch between actual and plan performance and corrective action.(communication)

True or False

7. Controlling is keeping check that everything goes according to plans. **True**
8. Controlling does not highlight the deviations in the process. **False**
9. Controlling cannot be used to improve the performance of the employees. **False**
10. Controlling guides the organization to keep everything on right track. **True**
11. Controlling directs the activities and efforts of all towards the accomplishment of organizational goals. **True**
12. Corrective actions are necessary after analyzing the deviations. **True**
13. Controlling does not facilitate coordination of action. **False**
14. Judging accuracy is one of the important aspects of controlling. **True**

Choose the correct answer

15. Which of following is the function prerequisite for controlling?

- a) Staffing
- b) Organizing
- c) Planning
- d) Directing

Ans: (c)

16. Measurement of employees' performance can be done by _____.

- a) Increasing the market share of the company
- b) Gross profit ratio
- c) Return on investment
- d) Performance report

Ans : (d)

17. Management by Exception refers to _____

- a) Significant deviation which goes beyond the permissible limit should be brought to the notice of the management.
- b) Focuses on the key result areas.
- c) Comparison of actual performance with the standard.
- d) Measurement of Company's and its employees' performance.

Ans: (a)

18. This is one of the features of standards. Identify it

- a) Rigid
- b) Flexible
- c) Static
- d) Unbending

Ans: (b)

19. Which one of the following is not the step in the process of controlling?(U)

- a) Measurement of actual performance.
- b) Establishing reporting relationship.
- c) Setting performance standards.
- d) Taking corrective action.

Ans. b

20. Critical point control focuses on-

- a) Significant deviations only
- b) Key result areas
- c) Each and every activity in an organization
- d) Attempts to control everything

Ans: (b)

21. Saurabh is working in an MNC. He has created an atmosphere of proper controlling in his department. In order to do so he keeps himself aware about any dishonest behaviour and takes a stern action immediately. Recently he has installed CCTV cameras to keep vigil on the employees.

1. In the above case which importance of controlling has been implemented by Saurabh?
2. Name one more importance of controlling other than the above highlighted.
3. Can you suggest one more way by which Saurabh could have implemented controlling?

Answer:

1. The importance of controlling implemented in the above case by Saurabh is: Controlling ensures proper order and discipline in the organisation.
2. One more importance of controlling. Controlling helps in making efficient use of resources.

3. Saurabh could have implemented controlling by issuing balance score card to every employee. In this way could check their performance and contribution to the organisation on a daily basis.

22. Savita has been assigned the job of quantity controller. She knows this is a tough job but she also realises the importance of it. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. This helps the whole department to focus towards its main plan of action. However one day she realises that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450. This has helped the manufacturing department in maintaining quality of the work done. There are 10 workers at the shop floor where Savita does inspection. She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.

1. Which benefits of controlling have been highlighted in the above case?
2. Name one department where controlling should be applied in proper coordination with the manufacturing department for proper quality control of the manufactured products

Answer:

1. The benefits of controlling highlighted in the above case are:
 - **Controlling helps in accomplishing organisational goals.** Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved.
 - **Controlling helps in judging accuracy of set standards.** However one day she realises that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor, she discusses it with the management and the target is reduced to 450.
 - **Controlling helps in facilitating coordination in action.** She has divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.
2. One department where controlling should be applied in proper coordination with the manufacturing department for proper quality control of the manufactured products is purchase department. Unless and until input is good output can never be good. For high quality manufactured product the raw material should be of high quality and this is the area of concern of the purchase department.

23. Adarsh is trying to reduce wastage of resources in his company. He is trying to do it in the best possible manner. He has set standards for performance of different types of activities and is doing his level best to perform according to these set standards to minimise wastage of resources. Things are not going to be over for him as he will have to look into other aspects too. He has set up a good monitoring system which helps him know how to employees are performing according to set standards as when the employees meet these standards they will be given incentives. He is hoping to pull out a good performance from his team this year.

1. Which function of management has been referred to in the above case?

2. Which benefits of this function of management have been highlighted in the above case?

Answer:

1. The function of management which has been referred to in the above case is controlling.
2. The benefits of controlling highlighted in the above case are:
 - Controlling helps in efficient utilisation of resources. He has set standards for performance of different types of activities and is doing his level best to perform according to these set standards to minimise wastage of resources.
 - Controlling helps in improving employee motivation. He has set up a good monitoring system which helps him know how employees are performing according to set standards as when the employees meet these standards they will be given incentives.

24. Identify the step of controlling process applicable in the following cases:

Esha is keenly observing the quantity of capsules produced in a pharmaceutical company. She realises that there is no need for any action to be taken as the deviations are within the acceptable limits. A day later when she comes to work she finds the situation opposite to that of the previous day. This time the deviation was beyond the acceptable range and needed immediate action. She called her subordinates and told them that this should not happen again.

1. Mahesh who is the owner of a company has decided to focus only on a few activities of his business. He considers that the rest of all activities are not critical to the performance of his company. One such area he finds is of labour. The labour cost recently went up by 4% sending signals of coming danger. Now he will put his efforts to control this variation by arranging labour at a cheaper rate.
2. In a company a manager is trying to find out the deviation between the actual number of fans produced and the desired number. He already knows about the standard as the company has assigned him a definite quantity of fans to be produced.
3. Manoj Khanna a senior experience manager is concerned about the 2% rise in the raw materials. However he knows that this is an acceptable range. He tells his staff that if this rise goes beyond 2% it should be brought into the notice of management. Then he sets a limit of 5% when the management should give it the priority over other activities.
4. Virendra wants to ran his company in a different manner. He wants to set standards to be achieved in both qualitative as well as quantitative terms. He wants to judge the motivation, skill levels and satisfaction of the employees. Ail these things will require qualitative standards. On the other hand the company will have to set quantitative standards for the number of units produced.
5. Some employees have been assigned the job of judging the output of production in a neutral and reliable way. They are applying different techniques for achieving this aim. Some of these are personal observation, sample checking, etc. They are also keeping the units of measurement same to that of the units of set standards.

Answer:

The different steps of the controlling process applicable in the above cases are:

1. Taking corrective action.
2. Analysing deviations. Critical point control is the technique used.
3. Comparing actual and standard performance.
4. Analysing deviations. Management by exception is the technique used.
5. Setting standards.
6. Measurement of actual performance.