



INDIAN SCHOOL MUSCAT
Senior Section
Department of Commerce and Humanities

Class : 12

SOLVED SUPPORT MATERIAL
CHAPTER :8 : CONTROLLING

Reference:
KVS Question
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BUSINESS STUDIES (054)

1) Define Controlling.

Controlling means ensuring that activities in an organisation are performed as per the plans.

2) State or list or enumerate the features or characteristics or nature of controlling.

a) Controlling is a goal-oriented function:

Controlling also ensures that an organisation's resources are being used effectively and efficiently for the achievement of predetermined goals.

b) Controlling function of a manager is a pervasive function:

It is a primary function of every manager. Managers at all levels of management- top, middle and lower-need to perform controlling functions to keep a control over activities in their areas.

c) It is a function that brings back the management cycle back to the planning function.

The controlling function finds out how far actual performance deviates from standards, analyses the causes of such deviations and attempts to take corrective actions based on the same.

3) Controlling only completes one cycle of management process and improves planning in the next cycle. Justify.

- The controlling function finds out how far actual performance deviates from standards, analyses the causes of such deviations and attempts to take corrective actions based on the same.
- This process helps in formulation of future plans in the light of the problems that were identified and, thus, helps in better planning in the future periods.

Thus, controlling only completes one cycle of management process and improves planning in the next cycle.

4) Explain the Importance or significance of Controlling. Or

Control is an indispensable function of management. Explain. Or

How does a good control system helps an organization.

a) Accomplishing organisational goals:

- controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action.
- assure attainment of objectives according to plans.

b) Judging accuracy of standards:

- An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment.
- Helps to review and revise the standards in light of such changes.

c) Making efficient use of resources:

- By exercising control, a manager seeks to reduce wastage and spoilage of resources.
- Each activity is performed as per the standards and norms.
- This ensures that resources are used in the most effective and efficient manner.

d) Improving employee motivation:

- A good control system ensures that employees know well in advance what they are expected to do and what are the standards.
- It motivates them and helps them to give better performance.

e) Ensuring order and discipline:

- Controlling creates an atmosphere of order and discipline in the organisation.
- It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.

5) Explain the Limitations of Controlling

a) Difficulty in setting quantitative standards:

- Control system loses its effectiveness when standards cannot be measured in quantitative terms.
- This makes measurement of performance and their comparison with standards a difficult task.

b) Little control on external factors:

- Generally an enterprise cannot control external factors such as government policies, technological changes, competition etc.

c) Resistance from employees:

- Control is often resisted by employees. They see it as a restriction on their freedom.
- For instance, employees might object when they are kept under a strict watch with the help of Closed Circuit Televisions (CCTVs).

d) Costly affair:

- Control is a costly affair as it involves a lot of expenditure, time and effort. A small enterprise cannot afford to install an expensive control system.

6) Explain the Relationship between Planning and Controlling. Or planning without controlling is meaningless. Similarly, controlling is blind without planning.

- Planning and controlling are inseparable twins of management.
- A system of control consists of certain standards. These standards serve as the basis of controlling and are provided by planning.
- Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans.

- Thus, planning without controlling is meaningless. Similarly, controlling is blind without planning.

7) Planning is thus, prescriptive whereas, controlling is evaluative. Explain

- Planning is basically an intellectual process involving thinking, articulation and analysis to discover and prescribe an appropriate course of action for achieving objectives.
- Controlling, on the other hand, checks whether decisions have been translated into desired action.

8) Planning and controlling are both backward-looking as well as a forward-looking function. Explain.

- Planning is looking ahead while controlling is looking back. However, the statement is only partially correct.
- Plans are prepared for future and are based on forecasts about future conditions. Therefore, planning involves looking ahead and is called a forward-looking function.
- On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, controlling is a backward-looking function.
- However, it should be understood that planning is guided by past experiences and the corrective action initiated by control function aims to improve future performance.

9) Explain the process of Controlling.

a) Step 1: Setting Performance Standards:

- The first step in the controlling process is setting up of performance standards.
- Standards serve as benchmarks towards which an organisation strives to work.
- Standards can be set in both quantitative as well as qualitative terms.
- Standards should be flexible enough to be modified whenever required.

b) Step 2: Measurement of Actual Performance:

- Once performance standards are set, the next step is measurement of actual performance.
- Performance should be measured in an objective and reliable manner.
- There are several techniques for measurement of performance.
- These include personal observation, sample checking, performance reports, etc.

c) Step 3: Comparing Actual Performance with Standards:

- This step involves comparison of actual performance with the standard.
- Such comparison will reveal the deviation between actual and desired results.
- Comparison becomes easier when standards are set in quantitative terms.
- For instance, performance of a worker in terms of units produced in a week can be easily measured against the standard output for the week.

d) Step 4: Analysing Deviations:

- Some deviation in performance can be expected in all activities.
- It is, therefore, important to determine the acceptable range of deviations.
- Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas.

e) Step 5: Taking Corrective Action:

- The final step in the controlling process is taking corrective action.
- No corrective action is required when the deviations are within acceptable limits.
- However, when the deviations go beyond the acceptable range, especially in the important areas, it demands immediate managerial attention so that deviations do not occur again and standards are accomplished.

*****Chapter -8*****