

# Controlling

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## Previous Years' CBSE Board Questions

### 8.1 Concept and Importance

#### MCQ

1. Umang was working as a 'Production Manager' at 'LG Papers Ltd'. The company had launched new eco-friendly paper straws in the market. He was given a target of producing 5,000 straws a day, by the General Manager. In spite of making the employees work overtime, Umang could not meet the target.

On investigation, it was found that the employees had not received the right training to manufacture these eco-friendly paper straws. So, the employees were sent for special training.

The function of management which helped Umang in identifying that he could not meet the target is

- |               |                  |
|---------------|------------------|
| (a) Planning  | (b) Organising   |
| (c) Directing | (d) Controlling. |

(2023)

2. 'Whether the decisions have been translated into desired actions or not' can be confirmed by performing which of the following function of management?

- |               |                 |
|---------------|-----------------|
| (a) Planning  | (b) Organising  |
| (c) Directing | (d) Controlling |

(2023)

3. Himanshu is working as a "Marketing Manager" in 'Suvidit-Air-Conditioners, a well known brand in the field of air-conditioners. Till last month, the company was able to achieve its sales targets. But this month Himanshu observed that targets were not being met and the number of air-conditioners sold was decreasing. He analysed the situation and found that the new salesman appointed last month was not good and for this, he took necessary action.

Which of the following function of management helped Himanshu to identify the decrease in sale?

- |               |                 |
|---------------|-----------------|
| (a) Planning  | (b) Organising  |
| (c) Directing | (d) Controlling |

(2023)



4. Which of the following headings does not highlight the importance of 'controlling function of management?

(a) Ensuring order and discipline

(b) Initialising action by people in the organisation

(c) Making efficient use of resources

(d) Improving employees' motivation

(2021 C)

**VSA (1/2 mark)**

5. One of the functions of management completes one cycle of management process and improves planning in the next cycle in the light of the problems that were identified in the existing plans.

Identify and state the function of management discussed above.

**(Term-II, 2021-22)**

6. Identify and give the meaning of the function of management that helps in verifying whether the standards set are accurate and objective or not.

**(Term-II, 2021-22 C)**

7. Why is it said that Controlling is a continuous activity?

**(Foreign 2019)**

8. Why is Controlling called a forward-looking function?

**(Foreign 2019)**

9. Hina Sweets is a renowned name for quality sweets since 1935. Harsh, the owner of Hina Sweets, was worried as the sales had declined during the last three months. When he enquired from the Sales Manager, the Sales Manager reported that there were some complaints about the quality of sweets. Therefore, Harsh ordered for sample checking of sweets. Identify the step taken by Harsh that is related to one of the functions of management. **(Delhi 2017)**

**SA I (3 marks)**

10. Explain (i) Ensuring order and discipline, and (ii) facilitating co-ordination in action, as importance of controlling function of management. **(2023)**

11. Explain how controlling helps in "making efficient use of resources" and "improving employee's motivation". **(Term-II, 2021-22)**

12. AS Ltd. is a large company engaged in assembly of air conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air

conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.

(a) Identify the function of management discussed above.

(b) State the steps in the process of the function identified which are discussed in the above paragraph. (AI 2015)

**LA (5 marks)**

13. State any five points that highlight the importance of 'controlling' function of management. (NCERT, Delhi 2017)

### 8.2 Relationship Between Planning and Controlling

**LA (5 marks)**

14. State the relationship between planning and controlling functions of management. (NCERT, AI 2016, Delhi 2014)

### 8.3 Steps in the Process of Controlling

**MCQ**

15. Which of the following is not a step in the process of 'Controlling' function of management?

(a) Setting performance standards

(b) Assignment of duties

(c) Taking corrective action

(d) Comparing actual performance with standards (2023)

**VSA (1/2 mark)**

16. The final step in the controlling process is taking corrective action, but when deviations are within acceptable limits no corrective action is required.' When and why corrective action is required? State. (Term-II, 2021-22)

17. 'Analysing deviations' is an important step in the process of controlling. It is therefore important to focus on key result areas which are critical to the success of an organisation. Identify and give the meaning of the concept discussed above.

(Term-11, 2021-22)

18. Mahima Jain is the Senior Manager in the Advisory Services Department of Kodes Ltd. She regularly prepares performance reports of her subordinates as a part of the appraisal. Identify the step of the controlling process performed by her. (Foreign 2019)

19. Give the meaning of 'Critical Point Control. (Delhi 2014 C)

20. What is meant by 'Management by Exception' in the process of controlling?

(AI 2014 C)

SA I (3 marks)

21. Explain: (i) Critical point control and (ii) Management by exception, as an important part of 'Analysing Deviations' a step in the process of controlling.

(2023)

22. Explain the first two steps in the process of controlling.

(Term-II, 2021-22 C)

23. Actual performance of employees is measured in the second step of 'controlling process. Explain the next three steps in the process. (2021 C)

SA II (4 marks)

24. Vinber Ltd. set up a manufacturing unit at Bhiwadi in Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production upto 10 units would be acceptable. At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers. On investigation, it was found that fluctuation in production was due to irregular supply of electricity.

(a) The above para discusses some of the steps in the process of one of the functions of management. Explain these steps.

(b) Also, state the step(s) that have not been discussed in the above para.

(Delhi 2019)

25. Explain the steps in the controlling process. (NCERT, Delhi 2016)



## CBSE Sample Questions

### 8.1 Concept and Importance

#### MCQ

1. Raman and Vasudev were two employees who were embezzling an import-export company in Varanasi where they were working. The finance manager of the company Sampat Singh became suspicious of the two employees when he realised that their activities were not being performed as per the plans. He installed a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted email report to the Cyber police. The police were able to catch the two dishonest employee's red handed and arrest them. Identify the function of management being discussed above.

- (a) Staffing (b) Coordination  
(c) Controlling (d) Organising (2022-23)

2. Name the function of management which helps in the formulation of future plans, in the light of the problems that were identified and thus, helps in better planning in the future period.

- (a) Planning (b) Organising  
(c) Directing (d) Controlling (2020-21)

#### SA I (3 marks)

3. "Controlling is an indispensable function management. Without controlling the best of plans can go away". Do you agree? Explain any two reasons in support of your answer.

(2020-21)

### 8.2 Relationship Between Planning and Controlling

#### MCQ

4. Radha started a home cooked food delivery Dabba service. Her mother, who is a great cook, decided to help her. They relied on friends and family for orders and then on word of mouth. As a step in the process of ensuring that activities are performed as per her plan of supplying healthy, good quality, reasonable food and earning profit, she decided to keep both qualitative and quantitative benchmarks towards which she would strive to work. A function of management is being discussed above. An important characteristic of this function of management is :

- (a) It is the first function of management.  
(b) It is the last function of management.



- (c) It is both forward looking and backward looking.
- (d) It is required only in business organisations. (2022-23)

### 8.3 Steps in the Process of Controlling

#### MCQ

5. Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice of management.

- (a) Management by control
- (b) Control by exception
- (c) Critical point control
- (d) (a) and (b) (2020-21)

#### VSA (2 marks)

6. "Measurement of a company's progress may involve calculation of certain ratios like gross profit ratio, net profit ratio, and return on investment etc. at periodic intervals". Identify the function of management involved in the above context. Also, briefly explain the step in the process of the identified function discussed above. (Term-II, 2021-22)

#### SA I (3 marks)

7. Explain "Critical point control" with respect to Analysing deviations, a step in the process of controlling. Give a suitable example.

(2022-23)

8. Explain "Management by exception" with respect to Analysing deviations, a step in the process of controlling. Give a suitable example.

(2022-23)

9. "It is generally believed that measurement of performance should be done after the task is completed."

Identify and explain the step in the process of the function of management being discussed above and the step followed by the same in the process.

(2020-21)

## ANSWERS

### Previous Years' CBSE Board Questions

1. (d): Controlling
2. (d): Controlling
3. (d): Controlling
4. (b): Initialising action by people in the organisation
- 5.

Controlling is the function of management that is being discussed here. Controlling is a process of checking whether the actions in the organisation are performed as the standards and checks where if deviations if any.

It is a process where manager keeps an close eye on the activities and take corrective steps if any deviation is seen.

[Topper's Answer, 2022]

6. Controlling function of management helps in verifying whether the standards set are accurate and objective or not. Controlling is the function of management which ensures that the activities in an organisation are performed as per plans by comparing actual performance with the standards, finding out deviations and taking corrective action, if required.
7. Controlling is said to be a continuous activity as it is a never-ending process and involves a constant assessment and evaluation of the progress of current tasks and activities as against the set standards.
8. Controlling is said to be a forward-looking in the sense that the corrective actions taken under controlling from the basis of future plans and policies. In this way, it guides the future of action and aims at improving both performance and efficiency in the long run.
9. The steps taken by Harsh is related to 'control' function of management.
10. (i) 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. The box



explains how an import-export company was able to track dishonest employees by using computer monitoring as a part of their control system.

(ii) Facilitating coordination in action: Controlling provides direction to all activities and efforts for achieving organisational goals. Each department and employee is governed by pre-determined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished.

11.

• Efficient use of resources : Controlling sets up standards against which actual performance is measured and due to pre-planned standards there will be less wastage of resources. As all the activities are already planned, it will help in optimum utilisation of resources.

• Improving Employee Motivation : An employee already have an idea of how to proceed and what to achieve due to set up standards, they work accordingly. Controlling measures the performance of the employee and compare it with the standards and provide them feedback or appraise for their work.

[Topper's Answer, 2022]

12. (a) Controlling.

(b) Steps discussed in the above paragraph are:

'The target volume of the company in a day is assembling of 1,000 units of air-conditioners'.

(i) Setting performance standards which are the criteria against which the actual performance is to be measured.

(ii) Measurement of actual performance.

'Even then the assembly of air-conditioners per day is 800 units only'.

Measurement of actual performance with the standards in an objective and reliable manner.

(iii) Comparing actual performance with the standards.



'The company compared actual performance of each worker'.

Comparing actual performance with the standards to find out the deviation, if any.

(iv) Analysing deviations to find its cause.

'observed through C.C.T.V. that some of the workers were busy in gossiping'.

**13.** Control is an essential function of management. Without proper control the best of plans can become ineffective and useless. A good control system helps an organisation in the following ways:

(i) Accomplishing organisational goals: The controlling function measures progress towards the organisational goals and brings to light the deviations, if any. This helps the manager to take prompt corrective action. It, thus, guides the organisation and keeps it on the right track so that organisational goals are achieved.

(ii) Judging accuracy of standards: A good control system enables management to verify whether the standards set are accurate and achievable. An efficient control system keeps a careful check on the changes taking place in an organisation and in the environment and helps to review and revise the standards in the context of such changes.

(iii) Making efficient use of resources: By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.

(iv) 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 of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.

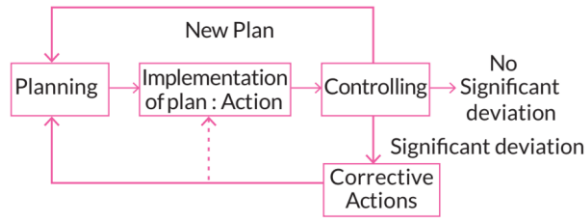
(v) Facilitating coordination in action: Controlling provides direction to all activities and efforts for achieving organisational goals. Each department and employee are governed by predetermined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished.

**14.** Relationship between 'Planning and Controlling' -

(a) Both planning and controlling are inter-related and inter-dependent :

(i) Controlling is always benchmarked on planning : Controlling can be done on the existence of certain standard of performance provided by planning. There would be nothing to control in the absence of a plan.

(ii) Planning without controlling is of no use: Controlling is necessary to monitor the progress made and find deviation, so one can initiate corrective actions to ensure that the plans are implemented effectively and efficiently. The cause of deviation leads to planning in future.



(b) Similarities between planning and controlling :

(i) Plans provide directions and control ensures that results are consistent with plans. Plans show the way, control helps us to progress on the way.

(ii) Planning and controlling are forward-looking :

Planning is looking ahead because plans are prepared for the future. Controlling is forward looking because corrective action in controlling is taken to prevent the recurrence of deviations in future. It seeks to improve future performance.

(iii) Planning and controlling are also backward looking:

Planning is looking back because new plans are based on situations of the past. Controlling is looking back as it compares the actual performance with the standards set in the past. This involves scrutinising the events after they have taken place.

### 15. (b): Assignment of duties

16. When deviations go beyond the admissible limits, corrective actions are taken to ensure the errors do not occur again. Controlling function ensures that each task is performed as per the set standards. While monitoring the actual performance if any deviations are recognised, the cause for these deviations is identified.

Some deviations and related corrective actions	
1. Out-dated machinery	1. Replace Machinery (Upgradation)
2. Unrealistic standards	2. Downward revision of standards
3. Defective Material	3. Change of specified quality of material
4. Improper working Conditions	4. Improve physical working conditions
5. Inefficient Employees	5. Training of employees
6. Defective Process	6. Modify existing process
7. Easily attainable standards	7. Upward revision of standards

**17.** The concept discussed in the above lines is 'Critical Point Control'. This technique is based on the belief that a manager cannot control each and every activity of the organisation. Thus, focus should solely be on the key result areas (KRAs) that are critical to the success of the organisation.

**18.** The step of the controlling process performed by her by preparing performance reports of her subordinates as a part of the appraisal is the measurement of actual performance.

**19.** 'Critical point control' means control system should focus on key result areas (KRAs), which are critical to the overall performance of an organisation.

**20.** Management by Exception emphasises that only significant deviations which go beyond the permissible limits should be brought to the notice of management.

**21.** (i) Critical point control: It is neither economical nor easy to keep a check on each and every activity in an organisation. Control should, therefore, focus on key result areas (KRAs) which are critical to the success of an organisation. These KRAS are set as the critical points. If anything goes wrong at the critical points, the entire organisation suffers. For instance, in a manufacturing organisation, an increase of 5 per cent in the labour cost may be more troublesome than a 15 per cent increase in postal charges.

(ii) Management by exception: Management by exception, which is often referred to as control by exception, is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing. Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of management.

Thus, if the plans lay down 2 per cent increase in labour cost as an acceptable range of deviation in a manufacturing organisation, only increase in labour cost beyond 2 per cent should be brought to the notice of the management.

However, in case of major deviation from the standard (say, 5 per cent), the matter has to receive immediate action of management on a priority basis.

**22.** First two steps in the process of controlling:

(i) Setting performance standards: Standards are the criteria against which actual performance would be measured. Standards can be set in both quantitative as well as qualitative terms.

(ii) Measurement of actual performance: Performance should be measured in an objective and reliable manner.

There are several techniques for measurement of performance like personal observation, sample checking, etc.



**23.** The next three steps in the process of controlling are:

(i) Comparing actual performance with standards: Performance against standards should be measured on a forward-looking basis so that deviations can be discovered and avoided before they happen. Appraising actual or predicted performance is relatively simple if criteria are properly drawn and methods for determining exactly what subordinates are doing are available.

(ii) Analysing deviations: The actual performance and set standards of an organisation rarely match with each other. Usually, there is always some variation between the expected and actual performance. Therefore, the fourth step of the process of controlling is to analyse the deviations. To do so, an organisation must fix an acceptable range of deviation in performance. Besides, an organisation should focus more on the significant deviation and less on the minor deviations. For this, managers of an organisation usually take the help of

(a) Critical Point Control

(b) Management by Exception.

(iii) Taking corrective action: The last and final step of the process of controlling is to take corrective action. If the deviations are within the acceptable limits set by the managers, then there is no need to take corrective action. However, if the deviations go beyond the set acceptable limit in the key areas, then proper and immediate managerial actions are required. An organisation can easily rectify the defects in the actual performance through the corrective steps.

**24.** (a) The steps in the controlling process that are being followed are as follows:

(i) Setting standards: The first step in the process of controlling is to develop the standards or benchmarks for performance as against which the actual performance would be measured. The standards can be set in both qualitative and quantitative terms.

(ii) Measuring actual performance: Once the performance standards are set, the next step is to measure the actual performance. This may be done through various techniques such as personal observation and performance reports. Performance can be evaluated after the completion of an activity as well as while it is in progress.

(iii) Comparing the performances: Performances once measured are then compared with the set standards. Such a comparison helps in assessing the deviations in performance. In regard to this, comparisons in quantitative terms are much easier than in qualitative terms.

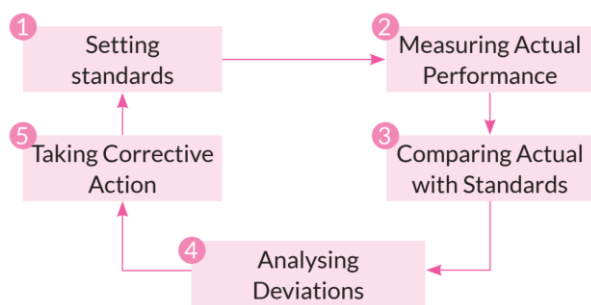
(iv) Analysing deviations: Every organisation faces deviations in the actual performance as against the pre-defined standards. It is important for managers



to find the deviations that are beyond the permissible range. Once the deviations are recognised, it is necessary to identify the cause for it. There can be a number of factors causing deviations in performance such as infeasible standards, deficiencies in process, under-utilisation of resources and changes in business environment.

(b) The step which was missing is: Taking Corrective measures. When deviations go beyond the admissible limits, there arises a need for the manager to take corrective actions. This is the final step in the controlling process which aims at correcting the deficiencies of the organisation so that such deviations do not occur again.

## 25. Steps in controlling process:



(i) Setting performance standards : The first step of controlling is, to set performance standards. Standards are those criteria on the basis of which the actual performance is measured. Standards can be qualitative or quantitative or both. Managers evaluates the actual performance on the basis of these standards and find out the deviations.

(ii) Measurement of actual Performance : The second step is measurement of performance. The measurement of actual performance tells the manager whether the work has been done as per plan or not.

(iii) Comparison of actual performance with standards: At this step actual performance is compared with the standards and deviations are found out.

(iv) Analysing Deviations: At this stage, deviations are analysed. In the analysis of deviations following things are studied.

The extent of deviation and finding the cause of deviation

(a) Extent of deviation : When the actual performance matches the standard performance, it reflects that performance is satisfactory. The actual performance can be better than the standard (Positive deviation) or is less than the standard (negative deviation) The extent of deviation is measured. An organisation needs to set the acceptable range of variation. If the deviation is beyond the range, managerial attention is needed.

(b) Causes of deviation: When the deviations are beyond the acceptable range of variation, a detailed analysis has to be made. This helps to know the causes of such deviations.

(v) Taking corrective Action: Taking corrective action is an important measure. By the end of the third steps, the deviations and their cause become known. The purpose of corrective action is to bring the actual work progress to the level of expected progress or even improve the standards.

### CBSE Sample Questions

1. (c) Controlling

2. (d): Controlling

3. Yes. Importance of controlling:

(i) Accomplishing organisational goals : The controlling function measures progress towards the organisational goals and brings to light the deviations, if any and indicates corrective action.

(ii) Judging accuracy of standards : A good control system enables management to verify whether the standards set are accurate and objective.

(iii) Making efficient use of resources : By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms.

(iv) 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 of performance on the basis of which they are appraised.

(v) Ensuring order and discipline : Controlling creates an atmosphere of order and discipline in the organisation.

(vi) Facilitating coordination in action : Controlling provides direction to all activities and efforts for achieving organisational goals.

4. (c): It is both forward looking and backward looking

5. (b): Control by exception

6. (a) Controlling

(b) 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.

**7. Critical point control:** It is neither economical nor easy to keep a check on each and every activity in an organisation. Control should therefore focus on key result areas which are critical to the success of an organisation. These KRAS are set as the critical points. If anything goes wrong at the critical points, the entire organisation suffers. For instance, in a manufacturing organisation, an increase of 5% in the labour cost may be more troublesome than a 15% increase in postal charges.

**8. Management by exception :** Management by exception, which is often referred to as control by exception, is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing.

Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of the management.

For instance, if the plans lay down 2% increase in labour cost as an acceptable range of deviation in a manufacturing organisation, only an increase in labour cost beyond 2% should be brought to the notice of the management. However, in case of major deviation from the standard (say, 5%), the matter has to receive immediate action of management on a priority basis.

**9. Measurement of Actual performance.**

Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. Wherever possible measurement of work should be done during the performance. 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. Standards become easier when standards are set in quantitative terms.