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Controlling

1. **Controlling** It can be defined as comparison of actual performance with the planned performance.

According to Ricky W Griffin, "Controlling function leads to goal achievement, an organisation without effective control is not likely to reach its goals."

2. Importance of Controlling

- (i) Helps in achieving organisational goods
- (ii) Judging accuracy of standards
- (iii) Making efficient use of resources
- (iv) Improving employee motivation
- (v) Ensures order and discipline
- (vi) Facilitate co-ordination in action
- (vii) Controlling help in minimising the errors

3. Limitations of Controlling

- (i) Difficulty in setting quantitative standards
- (ii) No control on external factors
- (iii) Resistance from employees
- (iv) Costly affair

4. Relationship Between Planning and Controlling

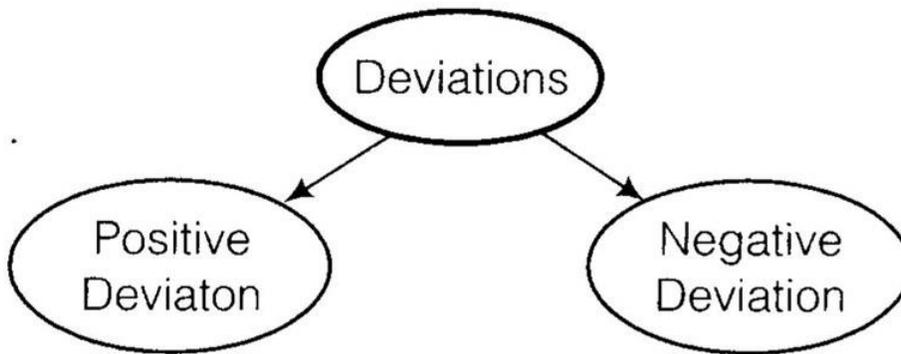
- (i) Planning and controlling are interdependent and interlinked activities.
- (ii) Planning and controlling both are forward looking function.

5. Controlling Process

- (i) Setting up of standards
- (ii) Measuring of performance
- (iii) Compare performance against standard
- (iv) Analysing deviation
 - (a) Critical point control
 - (b) Management by exception
- (v) Taking Corrective measure

6. **Deviation** It refers to difference between actual performance and standard

performance.



7. Techniques of Managerial Control

There are two technique of managerial control

- (i) Traditional techniques
- (ii) Modern techniques

8. Traditional Techniques

- (i) Personal observation
- (ii) Statistical reports
- (iii) Break-even analysis
- (iv) Budgetary control

9. Modern Techniques

- (i) Return on investment
- (ii) Ratio Analysis
 - (a) Liquidity ratio
 - (b) Solvency ratio
 - (c) Profitability ratio
 - (d) Turnover ratio
- (iii) Responsibility Accounting
 - (a) Cost or expenses centre
 - (b) Revenue centre
 - (c) Profit centre
 - (d) Investment centre
- (iv) Management Audit
- (v) Network Techniques (PERT and CPM)