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Controlling

Question 1:

Following are some behaviours that you and others might engage in on the job. For each item, choose the behaviour that management must keep a check to ensure an efficient control system.

1. Biased performance appraisals
2. Using company's supplies for personal use
3. Asking a person to violate company's rules
4. Calling office to take a day off when one is sick
5. Overlooking boss's error to prove loyalty
6. Claiming credit for someone else's work
7. Reporting a violation on noticing it
8. Falsifying quality reports
9. Taking longer than necessary to do the job
10. Setting standards in consultation with workers

You are also required to suggest the management how the undesirable behaviour can be controlled.

ANSWER:

1. **Biased performance appraisal:** This behaviour must be controlled. For this specific standards can be set with regard to performance. The performance can then be judged against the set standards. In this way the performance appraisal would be fair and just.

2. **Using the company supplies for personal use:** This behaviour must be controlled. For this a proper record must be maintained of the supplies. The purpose and time of its use must also be recorded. In addition, action can be taken against those who found using company supplies for personal use

3. **Asking a person to violate company rules:** This behaviour must be controlled. Company rules and regulations must be communicated clearly to the employees. Also, the action that would be taken in case of violation of rules must also be made clear. The fear of adverse consequences would discourage the employees from violating company rules

4. **Calling office to take a day off when one is sick:** This is a good behaviour. The employees must inform in advance whenever there is a need to take an off. In this way his/her colleagues would be prepared to share the workload in his/her absence.

5. **Overlooking boss's error to prove loyalty:** This behaviour must be controlled. Errors committed of any kind must be reported, irrespective of the position of the person committing the error. Open and free communication must be encouraged in the organisation. Incentives can be given for providing suggestions and feedback.

6. **Claiming credit for someone else's behaviour:** This behaviour must be controlled. For this the manager or the supervisor must maintain a proper record of who is given what responsibility and who is doing which task. Any incentive or appreciation must be given only after confirming properly that the person claiming the credit is actually the one who has done the task.

7. **Reporting a violation when one notices it:** This is a good behaviour. Open and free communication must be encouraged in the organisation. Incentives can be given to the employees to provide suggestions and feedback.

8. **Falsifying quality reports:** This behaviour must be controlled. For this a step by step analysis must be done wherein the progress and the quality of the task is examined at each step rather than only at the final step. In this way the chances of falsifying the reports would be minimised.

9. **Taking longer than usual to do jobs:** This behaviour must be controlled. For this any task when given must be with a set time deadline. In case there is any deviation from the deadline the cause for it must be analysed and rectified at the earliest. Incentives can be given for completing the task within the set time deadline.

10. **Setting standards in consultation with the workers:** This is a good behaviour. As the standards are set in consultation with the workers, a feeling of belongingness and responsibility is instilled in the workers. They are encouraged to follow the standards. This improves the overall efficiency and performance.

Question 2:

A company 'M' limited is manufacturing mobile phones both for domestic Indian market as well as for export. It had enjoyed a substantial market share and also had a loyal customer following. But lately it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also mobile market in India has grown tremendously and new players have come with better technology and pricing. This is causing problems for the company. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing.

Questions

1. Identify the benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plans are actually implemented and targets attained.
3. Give the steps in the control process that the company should follow to remove the problems it is facing.
4. What techniques of control can the company use? In all the answers keep in mind the sector of business the company is in.

ANSWER:

1. Controlling is an important and an indispensable function of management. It aims at managing the managerial actions by setting the standards and identifying the deviations of actual performance as against the set standards. It also ensures optimum utilisation of resources while taking corrective measures for the deviations. The following are the benefits that the company would derive from an effective controlling system.

i. With effective controlling the deficiencies in the system can be identified and accordingly corrective action can be taken. This would help in moving in the right direction as per the set objectives

ii. A controlling system would help in judging the accuracy of the standards adopted by the management. It would enable the manager to review and revise the standards according to the changing business environment.

iii. A continuous control and monitoring helps in the efficient and optimum utilisation of resources. As each work is done according to the set standard, there is less wastage and spoilage of resources.

iv. The employees get to know well in advance about what is expected from them and the standards against which their performance will be assessed. This motivates them to achieve the assigned targets in a better way.

2. Planning and controlling are closely interrelated functions of management. While, planning decides the objectives to be achieved and the course of action to be followed, on the other hand, controlling refers to the process of managing and evaluating the work done in accordance with the standards and taking corrective measures, if there are any deficiencies. In the given situation plans can be made with regard to improving the sales, customer satisfaction and pricing policy. These plans would serve as standards in the controlling process. If there are no standards and no objectives, there is nothing to control.

3. The following steps would be followed in the controlling process.

i. **Setting Standards:** Setting up of standards involves developing the benchmarks against which the actual performance is to be measured. The standards can be set in qualitative (such as number of initiatives taken by an employee) as well as quantitative terms (such as in the form of sales targets, units to be produced).

ii. **Measuring Actual Performance:** Once the standards are set, the next step is to measure the actual performance of the activities. This may be done through various techniques such as personal observation and performance reports.

iii. **Comparing the Performances:** Performances once measured are then compared with the set standards. Such a comparison helps in assessing the deviations in the work. Thereby, it guides the managers in taking the necessary steps so as to improve the performances.

iv. **Analysing Deviation:** Every organisation faces deviations when comparing the actual performance with the pre-developed standards. Thus, it is important to find the deviations that are in the permissible range. It is said that deviations in key areas should be attended first. For analysing the deviations the managers generally use 'Critical Point Control' and 'Management by Exception'. Once the deviations are recognised, the cause for it must be identified.

v. **Corrective Measures:** When deviations go beyond the admissible limits, there arises a need for the management to take corrective actions. This is the last step of controlling which aims at correcting the deficiencies of the organisation so that the errors do not occur again.

4. The management can follow **management by exception technique of controlling**. According to this technique, only the essential and significant deviations that are beyond the acceptable limit should be controlled. For example, if there is a 6 per cent drop in sales whereas the permissible limit is just 3 per cent, then, this should be immediately brought into the notice of the management. On the other hand a 2 percent drop can be ignored.
