

PRACTICE QUESTIONS

MCQ

- Q1.** An efficient control system helps to
 (a) judge accuracy of standards
 (b) boost employee morale
 (c) Both (a) and (b)
 (d) None of the above
- Q2.** Bajaj, the operation manager set a limit of 5% deviation in production and decided to take corrective action only if deviations occurred beyond 5%. Name the concept applicable here.
 (a) Coordination
 (b) Management principles
 (c) Management by exception
 (d) Critical point control
- Q3.** Himesh is a senior manager in a software consultancy firm. He regularly prepares performance reports of his subordinates as part of appraisal. The step of controlling process highlighted here is
 (a) measuring performance
 (b) compare performance against standard
 (c) analysing deviation
 (d) taking corrective action
- Q4.** With which concept is the saying "If you try to control everything you may end up controlling nothing" associated?
 (a) Critical point control
 (b) Management by exception
 (c) Control by exception
 (d) Both (b) and (c)
- Q5.** Mr. Nirbhay Kapoor, the CEO of Patna Ltd. analysed the variances to find out the causes of variances. Identify the step of controlling process being performed.
 (a) Measurement of actual performance
 (b) Comparing actual performance with standards
 (c) Analysing deviations
 (d) Taking corrective action
- Q6.** The manager of Rama Ltd calculated total sales and revenue earned by each sales executive to conduct appraisals at the end of the year. Which step of controlling is highlighted here?
 (a) Setting performance standards
 (b) Measurement of actual performance
 (c) Comparing actual performance with standards
 (d) Analysing deviations
- Q7.** Radhika Ltd is engaged in manufacturing machine components. The target production is 350 units per day. The company had been successfully attaining this target until four months ago. Over the last four months, it has been observed that daily production varies between 250-270 units. Identify the management function to rectify the above situation.

- (a) Coordination (b) Controlling
 (c) Directing (d) Planning

- Q8.** Which of the following is an advantage of critical point control and management by exception?
 (a) Saves time
 (b) Better utilisation of managerial talent
 (c) Facilitates delegation of authority
 (d) All of the above
- Q9.** is often referred to as control by exception.
 (a) Deviation
 (b) Management by exception
 (c) Feedback
 (d) Critical point
- Q10.** Which of the following is the technique of measurement of performance?
 (a) Personal observation (b) Sample checking
 (c) Performance reports (d) All of the above
- Q11.** Which standard(s) is/are used in production?
 (a) Quality Standards (b) Quantity Standards
 (c) Cost Standards (d) All of these
- Q12.** In controlling process, while setting performance standards, standards can be set
 (a) in quantitative terms only
 (b) in qualitative terms only
 (c) Both (a) and (b)
 (d) in subjective terms
- Q13.** "Planning is guided by past experience and corrective actions taken in the controlling process. Thus, it is regarded as"
 (a) backward-looking function
 (b) forward-looking function
 (c) pervasive function
 (d) None of the above
- Q14.** Match the following causes of deviation with corrective options to be taken to correct them.

Column I	Column II
A. Defective material	(i) Modify existing process
B. Defective machinery	(ii) Change the quality of materials
C. Defective process	(iii) Improve physical conditions of work
D. Defective physical conditions	(iv) Repair/replace machine

- A B C D**
- (a) (i) (iii) (ii) (iv)
 (b) (iv) (ii) (i) (iii)
 (c) (ii) (iii) (i) (iv)
 (d) (ii) (iv) (i) (iii)

Q15. In the final step of controlling process, the managers takes corrective measures to bring back everything on track. Sometimes even after best efforts, if deviations cannot be corrected then what should be done?
(a) Revise the standards (b) Fire the managers
(c) Shut the company (d) None of these

Q16. In controlling process, the next stage after setting performance standards is
(a) Measurement of actual performance
(b) Comparing actual performance with standards
(c) Analysing deviations
(d) Taking corrective action

Q17. Controlling is a pervasive function because it is performed
(a) in all organisations whether profit making or non profit making
(b) at all levels of management to ensure that the work at every stage is performed as planned
(c) goal oriented process
(d) Both (a) and (b)

Questions 18–19 contain two statements-- Assertion (A) and Reason (R). Each question has FOUR choices (a), (b), (c), (d), only one of which is correct.

In the light of these statements, choose the most appropriate option:

- (a) (A) is incorrect but (R) is correct.
- (b) (A) is correct but (R) is incorrect.
- (c) Both (A) and (R) are correct and (R) is the correct explanation of (A)
- (d) Both (A) and (R) are correct but (R) is not the correct explanation of (A).

Q18. Assertion (A): Control is exercised at all levels of management.

Reason (R): Controlling is all pervasive function.

Q19. Assertion (A): Controlling aims to ensure that resources are used effectively and efficiently to achieve predetermined goals.

Reason (R): Controlling is both a backward-looking as well as forward-looking function.

Q20. Controlling function of an organisation is

- (a) forward-looking
- (b) backward-looking
- (c) forward as well as backward-looking
- (d) None of the above

SUBJECTIVE QUESTIONS

- Q1.** Which two steps in the process of controlling are concerned with compelling events to confirm to plan?
- Q2.** Is controlling backward looking?
- Q3.** Why is planning an empty exercise without controlling?
- Q4.** What is compared with what in controlling?
- Q5.** There are two managers Bhuvan and Rajiv. Bhuvan is saying '*Controlling is forward looking*' but Rajiv is saying '*Controlling is backward looking*'. Who is correct? Explain why?
- Q6.** Which function of management ensures work accomplishment according to plans?
- Q7.** How does controlling help in "Judging accuracy of standards" and "Ensuring order and discipline."
- Q8.** "If anything goes wrong with the performance of key activities, the entire organisation suffers. Therefore, the organisation should focus on them." Explain the statement with a suitable example.
- Q9.** Ramesh Jha wishes to fix-standard production for worker along with standard time to complete the job. Under which function of management, standards are fixed?
- Q10.** Mittal Ltd. could not achieve the target production of 15,000 cars p.a. It could produce only 14,125 cars-- While analysing the reasons for deviations, it was found that workers were not efficient. Training programmes were organised and next year, company was able to produce 15,000 units. Production Manager is of the opinion that with this, management ends at controlling. Do you agree? Give reason to support your answer.
Explain any four importance of controlling.

HOMEWORK QUESTIONS

MCQ

- Q1.** Which of the following is not an importance of controlling function?
(a) It ensures order and discipline.
(b) It restricts co-ordination in action.
(c) It helps in judging accuracy of standards.
(d) It improves employee motivation.
- Q2.** Which of the following statements does not highlight the relationship between planning and controlling?
(a) Planning and controlling are separable twins of management.
(b) Planning without controlling is meaningless, controlling without planning is blind.
(c) Planning is prescriptive, controlling is evaluative.
(d) Planning and controlling are interrelated and interdependent.
- Q3.** Rajan has set up a small business unit for the manufacturing of detergent. In order to market the detergent in the local residential areas, he has appointed a team of ten salesmen. Each salesman is expected to sell at least 200 units of the detergent within a week's time. Identify the point of importance of controlling being highlighted in the above case.
(a) Controlling helps in judging accuracy of standards.
(b) It ensures efficient use of resources.
(c) It helps in improving employee motivation.
(d) It facilitates co-ordination in action.
- Q4.** Mayank Ltd. informed its sales team that the T-Shirts will be sold at a minimum selling price of Rs.800 each. Identify the type of standard mentioned here.
(a) Qualitative (b) Quantitative
(c) Either (a) or (b) (d) Can't say
- Q5.** The controlling function is performed by
(a) Top level management
(b) Lower level management
(c) Middle level management
(d) All of the above
- Q6.** Management of customer Satisfaction Ltd. replaces the old machinery with new machinery to overcome quality issues. Identify the step in the process of controlling highlighted by this statement.
(a) Setting performance standards
(b) Measurement of actual performance
(c) Comparison of actual performance with standards
(d) Taking corrective action
- Q7.** Deviations are said to be positive in nature when
(a) Planned performance is more than the actual performance
(b) Actual performance is more than the planned performance
(c) Both planned and actual performances are same
(d) None of the above
- Q8.** Mr. Sagar Sharma, the Finance director of Rama Ltd. analysed the variances to find out causes of variances. Identify the step of the controlling process being performed by Mr. Sagar Sharma?
(a) Setting performance standards
(b) Analysing deviations
(c) Comparison of actual performance with standards
(d) Taking corrective action
- Q9.** Identify the correct sequence of the steps involved in the controlling process.
(a) Measurement of actual performance, Taking corrective action, Setting performance standards, Comparison of actual performance with standards, Analysing deviations
(b) Comparison of actual performance with standards, Setting performance standards, Measurement of actual performance, Analysing deviations, Taking corrective action
(c) Setting performance standards, Measurement of actual performance, Comparison of actual performance with standards, Analysing deviations, Taking corrective action
(d) Taking corrective action, Measurement of actual performance, Comparison of actual performance with standards, Analysing deviations, Setting performance standards
- Q10.** Which of the following is a technique used for measuring actual performance?
(a) Random sampling (b) Personal observation
(c) Performance reports (d) All of the above
- Q11.** The comparison of actual performance with the planned performance becomes easier if the standards are set in ____.
(a) Qualitative terms
(b) Quantitative terms
(c) Either of the above
(d) None of the above
- Q12.** This concept of Control Management is based on the belief that if you try to control everything, you may end up controlling nothing.
(a) Critical point control
(b) Key result areas
(c) Management by exception
(d) Deviations
- Q13.** When the deviations between the actual performance and the planned performance are within the limits
(a) A limited corrective action is required
(b) No corrective action is required
(c) A major corrective action is required
(d) None of the above

- Q14.** In an artificial plants manufacturing unit, the standard output set for a worker is 50 units per day. Nirbhay produces 48 units in one day. In the given case, the value of deviation is
 (a) -2 (b) + 2
 (c) 98 (d) None of the above
- Q15.** The need for the controlling function is felt in
 (a) Business organisations
 (b) Political organisations
 (c) Social organisations
 (d) All of the above
- Q16.** Controlling is known as a backward-looking function because
 (a) It relates to future course of action.
 (b) It is like a post-mortem of the past activities
 (c) To find out deviation, it aims at improving future performance.
 (d) All of the above
- Q17.** "It is making something happen the way it was planned to happen". Name the function of management highlighted in above statement.
 (a) Planning (b) Coordination
 (c) Controlling (d) Directing
- Q18.** Ritu runs a logistic company. The Tour Incharges of each trip in the company are expected to submit a report to the Event Manager on the completion of every trip. Identify the step in the controlling process being described in the above lines.
 (a) Setting of standards
 (b) Measurement of actual performance
 (c) Taking corrective action
 (d) Analysing the deviations
- Q19.** In a marketing firm, the Financial Manager pays more attention towards an increase of 3% in the marketing cost as compared to a 15% increase in the courier expenses. Identify the concept being used by the manager.
 (a) Management by exception
 (b) Critical point control
 (c) Corrective action
 (d) None of the above
- Q20.** "Planning is absence of controlling is meaningless". What does this statement indicate in respect of both ?
 (a) Only Planning is essential
 (b) Only Controlling is essential
 (c) Both are essential
 (d) Both are unnecessary
- Q21.** Determine which phase of the controlling process applies in the following example. Management in a company is attempting to determine the difference between the actual number of goods produced and the desired quantity. He is already familiar with the standard because he has been assigned a specific number of goods to create by the corporation.
 (a) Setting standards
 (b) Measurement of actual performance
 (c) Analysing deviations
 (d) Comparing actual and standard performance
- Q22.** Some personnel have been tasked with judging the output of production in a fair and consistent manner. They are employing a variety of methods to achieve this goal. Personal observation, sample checking, and so on are examples of this. They're also sticking to the same measurement units as the established standards. Determine which phase of the controlling process applies in the example.
 (a) Taking corrective action
 (b) Analyzing deviations
 (c) Measurement of actual performance
 (d) Comparing actual and standard performance
- Q23.** There is one popular saying that Planning is looking____ while controlling is looking ____.
 (a) Back, Ahead
 (b) Ahead, Back
 (c) Future, Present
 (d) None of the above
- Q24.** Gagan is trying to apply a function of management in his department. First he lets his team perform according to their best potential. Then in a meeting he calls ody and asks his team to check what they have performed. One day it was found that the total number of units produced were 20 less than the set target. It was decided that no worker will go home unless and until this gap of 20 units is overcome.
 (a) Planning
 (b) Organising
 (c) Controlling
 (d) Directing
- Q25.** 'If anything goes wrong with performance of key activities, the entire organisation suffers. Therefore, the organisation should focus on them'. Identify the concept highlighted here.
 (a) Critical point control
 (b) Management by exception
 (c) Planning
 (d) None of these
- Q26.** Rakesh 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. In the above case which importance of controlling has been implemented by Rakesh?
 (a) helps in achievement of organisational goals
 (b) helps in judging the accuracy of standards
 (c) helps in maintaining order and discipline in the organisation
 (d) helps in efficient utilisation of resources

Q27. Radhika 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. Identify the step of controlling process applicable in the following case

- (a) Setting standards
- (b) Taking corrective action
- (c) Measuring actual performance
- (d) Analysing deviations

Q28. A critical point control (CPC) approach is followed by McDonald in the cooking and handling process so that any food safety threat can be prevented, eliminated, or reduced to an acceptable level. Hence, continuous monitoring of activities are undertaken to ensure that the process is right at each critical point control. The main principle followed for cooking at McDonald is "less amount many time" which can ensure the high quality and high fresh level of the food. For instance, if your hamburgers have to be made, a worker cannot cook all the four hamburgers at one time. The time figured out for making one hamburger is one hundred and forty-five seconds. Moreover, nearly all foods in the McDonald have the specific holding time, the holding time for hamburgers is ten minutes and for French fries is seven minutes. If it is not sold within that time it is thrown away. Also, the temperature of the milk sent by the supplier must be under 40 °C, otherwise, it will be returned. In context of the above case: Name the steps involved in the controlling process which is being discussed in the above lines.

- (a) Analysing Deviation, Taking corrective action
- (b) Setting standards, Measurement of Actual performance
- (c) Analysing Deviations, Measurement of Actual performance
- (d) None of the above

Q29. Virendra wants to run 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. All these things will require qualitative standards. On the other hand the company will have to set quantitative standards for the number of units produced.

- (a) Measuring actual performance
- (b) Analysing deviations
- (c) Setting standards
- (d) Taking corrective action

Q30. Alpha Ltd. was manufacturing Auto spare parts. To improve the efficiency of employees the company

provided training to their employees by inviting an expert who demonstrated the whole process of manufacturing. The expert quoted that all deviations cannot be controlled, so manager must know which deviation in key areas must be attended urgently as compared to deviation in non-key area. He also suggested that human beings are bound to make mistakes as manager should not take strict action on every minute mistake of workers, rather he can fix a range of deviation and take action if deviation is above the specified large. Identify the functions of management referred above.

- (a) Planning and Controlling
- (b) Planning and Staffing
- (c) Controlling and Staffing
- (d) Planning and Directing

SUBJECTIVE QUESTIONS

Q1. Suppose you are the manager of PQR Clothing Ltd. It comes to your knowledge that postal expenses have increased by 15% over the standard price and cost of labour and raw materials has increased by 3%. Which of the two situations is more critical according to you?

Q2. 'Delta Ltd.' a computer hardware manufacturing company imported a new machinery for manufacturing latest technology based computer systems. The human resource manager determined that for operating the new machines, the company required the necessary workers through placement agency.

After 3 months, it was reported by the production manager that the workers were not able to meet the target production. The General Manager got annoyed and ordered inquiry for the same. It was reported that the newly recruited workers possessed the necessary skills and abilities but lacked the willingness to do work.

- (i) Name the functions of management involved above.
- (ii) Name the relevant concept of functions identified in (i).
- (iii) Which concept of management will help the company in meeting the target production?

Q3. Fisher Ltd. is a firm manufacturing paper bags in Odisha. It has employed female workers in the company and manufactures paper bags from recycle paper and thereafter sells them to various firms at economic rates.

Since last 1 month, its customers (firms) are reporting of complaints received from the users that these paper bags are unable to manage heavy weight and get torn easily.

- 1. Which function of management has been ignored above?
- 2. Discuss the steps to be undertaken in respect of the ignored function to pacify the situation.

- Q4.** Mr Gill worked as a manager in a company manufacturing stationery items for 10 years. Later he thought of starting his own business as he acquired the skills and expertise in past years. He started his own venture. He divided the organisation into six major departments--Production, Purchase, Marketing, Legal, Human resource and Finance. After a month, he called upon the meeting of all the departmental heads in his office and told the production marketing and finance department managers to be very vigilant as their departments are critical to the success of the business. Shortcomings in Purchase, Personnel or Legal department would not affect much the success of business. Therefore, Mr Gill determined deviation tolerance limits for the critical departments.
1. Identify the two functions of management referred above.
 2. Describe the relevant concept of the identified functions.
- Q5.** One day, the management instructor of BBA classes organised a "Panel Discussion" on important topics of management. The students were given the following clues for discussion. Each student was given 3 minutes for elaborating on the clues given below:
- Clue 1: They are inseparable twins.
Clue 2: They are inter-dependent, inter-related and reinforce each other.
Clue 3: They both are forward as well as backward looking.
Identify the functions of management written in clues above.
- Q6.** What do you mean by key result area in the context of controlling?
- Q7.** MNO Ltd. is manufacturing auto spare parts on large scale. The company policy is that 3% of the daily production could be defective. Over last two months it

is observed that about 10-12% of production is defective. Which function of management is required to correct the above case? State the procedure to be followed to correct the things.

- Q8.** Which principle of management control is based on the belief "an attempt to control everything may end up by controlling nothing"?
- Q9.** Engineer India Ltd. is engaged in manufacturing machine components the target production is 300 units per day. The company had been successfully attaining the target three months ago. Over the last three months, it has been observed that daily production varies between 220 and 250 units. Identify the management function to rectify the above situation.
- Q10.** A company 'M' Ltd. 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 player 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.
- (a) Identify the benefits the company will derive from a good control system.
 - (b) 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?
 - (c) Give the steps in the control process that the company should follow to remove the problems it is facing.

SOLUTION FOR PRACTICE QUESTIONS

SOLUTION FOR MCQ QUESTIONS

- S1. (c)
- S2. (c)
- S3. (a)
- S4. (d)
- S5. (c)
- S6. (b)
- S7. (b)
- S8. (d)
- S9. (b)
- S10. (d)
- S11. (d)
- S12. (c)
- S13. (a)
- S14. (d)
- S15. (a)
- S16. (a)
- S17. (d)
- S18. (c)
- S19. (d)
- S20. (c)

SUBJECTIVE QUESTIONS

- S1. (i) Comparison of actual performance with standards.
(ii) Taking corrective actions.
- S2. No, controlling does not mean backward looking because it means taking actions and suggesting measures to ensure job accomplishment according to plan in future.
- S3. Planning is an empty exercise without controlling because implementation of plans and monitoring of plan depend upon controlling.
- S4. In controlling actual performance is compared with standard performance.

S5. In my viewpoint, both are partially correct because controlling is both forward looking as well as backward looking. Controlling is backward looking because like a post-mortem of past activities the manager looks back to previous year's performance to find out its deviation from standard planning.

Controlling is also forward looking because controlling does not end only by comparing past performance with standard. It involves finding the reasons for deviations and suggests the measures so that these deviations do not occur in future. So, this statement that planning is forward looking and controlling is backward looking is only partially correct as planning and controlling are both forward looking as well as backward looking.

S6. The controlling function of management ensures the work accomplishment according to plan.

S7. [For explanation refer to page nos. 116 and 117]

S8. The statement refers to the use of 'Critical Point Control', while analysing deviations. It emphasises that deviations in the key areas need to be attended more urgently as compared to deviations in certain insignificant areas. Control should, therefore focus on these key result areas which are critical to the success of an organisation.

For example, 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.

S9. Controlling.

S10. No, because controlling brings the management cycle back to planning function because the corrective action in controlling is taken to prevent the recurrence of the deviations in the future.

Refer to Importance of Controlling page no. 115-16

SOLUTION FOR HOMEWORK QUESTION

SOLUTION FOR MCQ QUESTIONS

1. (b)
2. (a)
3. (c)
4. (b)
5. (d)
6. (d)
7. (b)
8. (b)
9. (c)
10. (d)
11. (b)
12. (c)
13. (b)
14. (a)
15. (d)
16. (b)
17. (c)
18. (b)
19. (b)
20. (c)
21. (d)
22. (c)
23. (b)

24. (c)
25. (a)
26. (c)
27. (b)
28. (a)
29. (c)
30. (c)

SUBJECTIVE QUESTIONS

- S1. Increase in cost of labour and raw materials.
- S2. (i) Staffing, Controlling
(ii) Recruitment, Controlling process
(a) Comparing actual performance.
(b) Analysing deviations.
(iii) Motivation.
- S3. 1. Controlling,
2. Taking corrective action,
- S4. 1. Organising, Controlling
2. Departmentalisation, Critical Point Control.
- S5. Planning and controlling.
- S6. These are the areas which are critical and very important for success of the organisation.

- S7. The management function required to correct the above case is “controlling”. The procedure to be followed is:
1. Find out the cause of deviation of defective percentage from 3 to 12.
 2. Take corrective measures to control the thing.

Following can be the cause of deviation:

S. No.	Causes	Corrective Action
1.	Lack of motivation of workers.	Offer financial or non-financial incentives to motivate workers.
2.	Power breakdown.	Install a generator.
3.	Fault in machinery.	Get the machinery repaired or replace the machinery with new one.

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| <p>S8. Principle of management by exception.</p> <p>S9. Function related to this is controlling.</p> <p>S10. (a) Explain the importance of controlling, <i>refer to</i> page nos. 115 and 116
(b) Company can relate its planning with control in this line of business by following measure by</p> | <p>implementing an effective controlling system and following a controlling process.</p> <p>(c) Explain steps in the process of controlling system, refer to page nos. 116 and 117.</p> |
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