

UNIT V - CONTROLLING

1. Define control.

According to Koontz “Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished”.

2. What are the characteristics of control?

- ❖ Control process is universal
- ❖ Control is continuous process
- ❖ Control is action based
- ❖ Control is forward looking.

3. What are the disadvantages of control?

- ❖ Control is expensive and time-consuming process.
- ❖ Human behaviour and employee morale also cannot be measured.

4. Give some critical point standards of control?

- ❖ Cost standards
- ❖ Revenue standards
- ❖ Goals standards
- ❖ Program standards.

5. What are the types of control?

- ❖ Feedback control
- ❖ Concurrent control
- ❖ Feed forward control

6. What is feedback control?

Feedback control is the process of adjusting future action on basis of information about past performance.

7. What are the requirements for effective control?

- ❖ The control should be economical
- ❖ It must be simple
- ❖ It should be flexible
- ❖ It should be clear objectives

8. What are the modern techniques of control?

- ❖ Management audit
- ❖ Return on investment
- ❖ PERT and CPM

9. Define budgetary control?

According to J.Batty “a system which uses budgets as a means of planning and controlling all aspects of producing and or selling commodities and services”.

10. Define budget?

According to J. Fred Meston “a budget is the expression of a firms plan in financial form for a period of time in to the future”.

11. What are the limitations of Budgeting?

- ❖ Inaccuracy
- ❖ Expenditure
- ❖ Distortion of goals

12. What is Zero Base Budgets?

Initially the budget is designed from a Zero base the main element is ZBB is future objective orientation.

13. What are the steps involves in ZBB?

- ❖ Decision package
- ❖ Ranking
- ❖ Allocation of resources

14. What is Internal Audit?

Internal audit is done by an internal auditor who is an employee of the organisation. He examines the objectives, policies, plans, procedures and performance of the management.

15. Define MIS

A system of obtaining abstracting, storing and analysing data to productions information for use in planning, controlling and decision making by managers at the time they can most effectively use it”

16. What are MIS Resources?

- ❖ To provide the information up to date
- ❖ To take effective decision making
- ❖ To provide the right information available in the right form at the right time

17. Define Productivity

Productivity is a measure of how much input is required to produce a given output the ratio is called productivity.

18. What are the factors affecting productivity?

- ❖ Technology
- ❖ Human resources
- ❖ Government policy
- ❖ Machinery and equipment
- ❖ Skill of the worker

19. What is OR?

OR is an applied decision theory, which uses scientific, mathematical and logical means to take decisions.

20. Define Multinational Corporations.

An enterprise which own or control production or service facilities outside the country in which they are based.

21. Write some advantages of MNC.

- ❖ MNC can promote quality product at lower cost.
- ❖ MNC leads to increase in production aggregate employment, exports and imports of the required inputs.
- ❖ MNC is paying taxes their operations increase government revenues.

22. What are global theory of management?

- ❖ Situational and contingency approach.
- ❖ Motivation and leadership theory.
- ❖ Organisational behaviour.

23. Write some characteristics of Japanese management.

- ❖ Japanese management prefer to human resources than it financial resources.
- ❖ Japanese management favours job security.
- ❖ Japanese are more favour to cooperation and teamwork.
- ❖ Japanese management encourage the lower level employees' participation.

24. Write some limitations of Japanese management.

- ❖ Decision making process is time-consuming process.
- ❖ Promotion policy is not encourage outstanding younger employee.

25. Write some characteristics of German management.

- ❖ German management is autocratic.
- ❖ Labour suggestions also accepted.
- ❖ Managerial decisions are taken by the executive committee consultation with labour direction.

UNIT 5 CONTROLLING**1) Definition of controlling**

Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished.

Characteristics of control:

- Control process is universal
- Control is a continuous process
- Control is action based
- Control is forward looking
- Control is closely related to planning.

Need for control

- To minimize dishonest behavior of employees
- To discover deviations in the management
- Control can minimize the mistakes
- To indicate corrective action.

The process of controlling

- Establishing standards
- Measuring performance
- Comparing actual with standards
- Finding out deviations
- Correction of deviations.

2. (i) What are the requirements for effective controlling?(Nov'06)**The requirements for effective control:**

Every manager should have an effective and an efficient control system.

- Suitability
- Flexibility
- Economical
- Simple
- Motivation
- Forward looking
- Objective
- Controls should reflect the organization structure and needs
- Control should lead to corrective action
- Less time.

(ii) What is the role of IT in controlling?

Nowadays management needs more advance technology for solving its basic requirements. MIS is used for decision making in the various functional areas of business. MIS is a new technique which has brought accuracy and speed to the management.

Definition of MIS:

MIS can be defined as "A system of obtaining, abstracting, storing and analyzing data to produce effective information for use in planning, controlling and decision making process".

Characteristics of Good Management Information System:

- Information must be clear and conciseness.
- The information should be relevant the business organization.
- Unnecessary Information's should be avoided.
- MIS must be simple and easy to understand.
- It must help in the process of decision-making and corrective actions.
- MIS should help in solving the complicated problems effectively.

Role of MIS: MIS can be used for the decision making process of an organization in the following areas.

S.No	Major subsystem	Application
1	Marketing	Sales planning, Sales analysis, Sales forecasting.
2	Manufacturing	Production planning cost Control analysis.
3	Logistics	Planning and control
4	Finance and accounting	Cost analysis, planning, Income measurement.
5	Top management	Strategic planning, policy, resource allocation.

3. (I) Compare and contrast between feed forward and feedback systems in controlling. (May'07)

Feedback or historical control

Feedback control is known as post action control. It examines what has happened in the past. On the basis of this feedback corrective action is taken. Feedback control is the process of adjusting future action on the basis of information about past performance. Ex. Disciplinary action, budgetary results and quality inspections are some feedback control.

Feed forward control

This control involves evaluation of inputs and taking corrective action before a particular operation is completed. It is preventive in nature. This control allows corrective action to be taken in advance of the problem.

S.No	Feed back	Feed forward
1	It measures only output of the process.	It measures input of the process.
2	It is submissive approach	It is aggressive approach.
3	It is aggressive approach.	It is aggressive approach.
4	It involves a time lag in the process of correction	It removes the limitation of time lag in taking corrective action.
5	Less benefit to the organization.	It is most benefit for the organization.

(ii) The role of computers in handling information.

- Sales forecast and control
- Payroll
- Business management
- Accounting
- Personnel management information
- Cost accounting
- Manufacturing information control
- Banking and credit.

4. Explain the effect of Globalization and Liberalization in the global business environment with examples. (May'07)

The government attitude towards the business has undergone a drastic change beginning from the later years of eighties. This change can be seen

from the various policies announced by the government particularly.

1. Industrial policy statement
2. Long term fiscal policy
3. Exim policy.

All these policies measured clearly reflect the changing attitude of Government towards business and the commitment of Government to Integrate Indian Economy with the world's economy is called Globalization.

Liberalization

It eliminates licensing quantitative restrictions and other regulatory and discretionary controls. The liberalization has enormously expanded the scope of the private sector. Now only a small number of industries are reserved. The liberalization of the policies towards foreign capital and technology and import liberalization have given further growth and competition.

The liberalization has given an enormous boost to private investment in the industrial sector. In 1990-91 the year prior to liberalization the total capital mobilized by the private co-operative factor by equity issues was Rs.1, 261 crores. In 1994-95 i.e. four yrs since the liberalization the equity capital mobilized increased to about Rs. 25,621 crores.

After 1970 the industrial policy of the government turned towards liberalization of industrial licensing with a view to accelerate the growth rate of the industrial sector and to achieve export promotion on a large scale.

In October 1975 the government delicensed 21 industries and permitted unlimited expansion. Later it also announced that 25% of excess unauthorized capacity was declared legal on the basis of normal activity and another 25% would be covered in 5 yrs by automatic licensing.

When Rajiv Gandhi became the prime minister the wave of liberalization gathered further momentum. On way January 30, 1980 the government decided to delicense 23 MRTP and FERA companies provided they are located in backward areas. Permissions were given liberally for expansion and modernization.

**5. What are the effective steps for direct control and preventive control?
(May'05)**

Direct control

In this organization some employee's performance is poor. To find out the employees and then correct their performance and achieve the organization goals. This is called direct control.

Factors influencing the direct control:

The following factors influence the direct control.

- Uncertainty
- Lack of knowledge experience
- Lack of communication
- Lack of coordination.

Effective steps for direct control

Success of direct control in an organization depends upon the following factors.

- Performance can be measured
- Effectively utilizes time
- Errors can be discovered in time
- Participation

- Coordination.

Preventive control

An efficient manager applies the skills in managerial philosophy to eliminate undesirable activities which are the reasons for poor management. This is called preventive control.

Effective steps for preventive control,

- Qualified managers
- Management principles to measure performance
- Evaluation

Advantages:

- It is better than direct control.
- This control is fast and quick.
- It gives greater accuracy.
- Prevention is better than cure.
- This reduces wastage of cost