

CONTROLLING

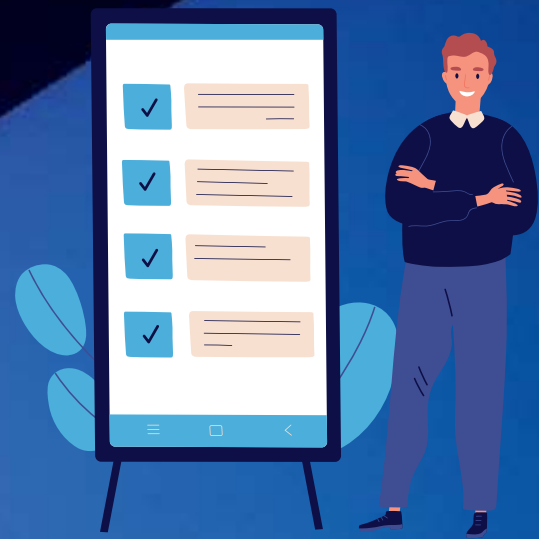
Contents as per CBSE syllabus



- Controlling -Meaning & Importance,
- Relationship between planning & controlling,
- Controlling process.

MEANING

- Ensuring that **activities** in an **organisation** are performed **as per the plans**,
- Resources are being used **effectively & efficiently**,
- **Goal - Oriented** process,
- **Pervasive** function,
- **Primary** function,
- **Completes one cycle** of management process & **improves planning** in the **next cycle**.



IMPORTANCE

i). Accomplishing organisational goals :-

Measures progress and find out deviations, indicates corrective action. Keep the organisation on the right track.

ii). Judging accuracy of standards :-

Verify whether standards set are accurate & objective check on the changes taking place, review and revise the standards in light of such changes.

iii). Making efficient use of resources :-

Seeks to reduce wastage and spoilage of resources. Each activity is performed with predetermined standards and norms.

vi). Facilitating coordination in action :-

Direction to all activities & efforts for achieving organisational goal.

v). Ensuring order & discipline :-

Minimise dishonest behaviour on the part of employee by keeping close check on their activities.

iv). Improving employee motivation :-

A good control system ensures employees know well in advance what they are expected to do and what they are standards of performance on the basis of which they will be appraised.



RELATIONSHIP BETWEEN PLANNING & CONTROLLING

- **Inseparable twins** of Management, they are **inter-related**.
- Planning based on **facts** makes controlling **easier** and **effective**.
- Controlling improves **future planning** by providing information derived from **past experience**.
- Planning is an **interactual process** and prescribe an **appropriate course of action**, Controlling **checks** whether decision has been translated into **desired action**.
- **Planning** is **prescriptive**, **Controlling** is **evaluative**.
- Planning is **forward looking** function, Controlling is **backward looking** function.



CONTROLLING PROCESS

Step :- 1 Setting performance standards :-

Step :- 2 Measurement of actual performance :-

Step :- 3 Comparing actual performance with standards :-

Step :- 4 Analysing deviations :-

Step :- 5 Taking corrective action :-

CONTROLLING PROCESS

Step 1 :- Setting performance standards :-

- Standards serves as **benchmarks** which strives to work.
- Can be set in **quantitative** as well as **qualitative**.
- Standard should be **flexible** according to the changes takes place in the business environment.
- Standards may need **modification** to be realistic.



Step 2 :- Measurement of actual performance :-

- Performance should be measured in the **same units** in which standards are set, which makes **comparision easier**.
- Measurement of work should be done **during the performance**.
- Preparation of performance reports, progress of work, calculation of ratio (GPR, NPR etc), counting number of pieces are some **methods** which can be used as a measurement of performance.



Step 3 :- Comparing actual performance with standards :-

- Reveal the deviation between actual & desired results.
- Comparison becomes easier when standards are in quantitative terms.



Step 4 :- Analysing deviations :-

- Determine the acceptable range of deviations.
- Deviation in key areas need to attend more urgently as compared to insignificant areas.

i). Critical point control :- Focus on (key result areas) which are critical to the success of an organisation,
If anything goes wrong at the critical point, the entire organisation suffers,
It is neither economical nor easy to keep a check on each and every activity.



ii). **Management by exception** :- Often referred to as a **control by exception**, Based on the belief that an **attempt to control** everything results in **controlling nothing**, Only **significant deviations** which go beyond the permissible limit should be brought to the notice.

- It is necessary to **identify** the **exact cause** of deviations, failing which an appropriate corrective action might not be possible.

Step 5 :- Taking corrective action :-

- **No** corrective send required when duration are within acceptable limits.
- However duration **beyond** acceptable range, especially in the important areas, **demand**s immediate managerial attention.
- Training of employees, assigning additional workers, equipments etc.

