Controlling

Standard difficulty · 20 questions · 40 marks · Time: 38 minutes

Name: _____ Date: _____ Score: ____ / 40

Show your working for Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. Controlling means ensuring that activities are performed:

(a) only by top managers **(b)** without standards

(c) without any plans **(d)** according to plans

2. What is meant by “standard”?

(a) a criterion against which performance is measured

(b) steps taken to remove the causes of deviations

(c) areas critical to the success of the firm

(d) reporting only significant deviations to management

3. If deviations are caused by obsolete machinery, the corrective action is to:

(a) improve working conditions

(b) change the quality specification or the supplier

(c) repair or replace the machines

(d) modify the existing process

4. Regular checks keep the firm on track to meet its yearly target. Which importance of controlling does this show?

(a) accomplishing organisational goals **(b)** improving employee motivation

(c) ensuring order and discipline **(d)** judging the accuracy of standards

5. Which of these is an example of management by exception?

(a) A hospital closely watches the supply of oxygen cylinders, a key result area.

(b) An airline closely checks the safety of its aircraft engines above all else.

(c) Only complaints that stay unsolved for a week are sent to the manager.

(d) A factory watches the cost of labour closely, as it is 60% of total cost.

6. In which step of the controlling process does this happen: output of 470 units is checked against the target of 500?

(a) measuring actual performance

(b) taking corrective action

(c) setting performance standards

(d) comparing actual performance with standards

7. The standard output of a unit is 5,600 pieces a week; actual output is 6,160. What is the deviation as a percentage of the standard?

(a) 20% **(b)** 560% **(c)** 10% **(d)** 11%

8. Under management by exception, only deviations of more than 3% are reported. Standard cost is ₹8,400 and actual cost is ₹9,660. What should happen?

(a) it is reported to management (a 15% deviation)

(b) the whole plan is dropped

(c) the standard is cancelled

(d) no check is needed at all

Section B — Short answer 8 × 2 = 16 marks

9. What is controlling?

10. Explain each term: (a) management by exception (b) key result areas

11. Put these steps of the controlling process in order: (a) measuring actual performance (b) taking corrective action (c) setting performance standards

12. Suggest a corrective action if deviations arise from (a) defective process (b) poor working conditions.

13. Is each critical point control or management by exception? (a) A shop keeps a strict watch on stock of its fastest-selling item. (b) A manager is told only of output below 95% of target.

14. Planned sales were ₹7,100 and actual sales were ₹6,958. Find the deviation and the percentage deviation. Is it favourable?

15. Which importance of controlling does each show? (a) Regular checks keep the firm on track to meet its yearly target. (b) Workers know how they will be judged and work harder.

16. Under management by exception, deviations above 8% are reported. (a) Standard 9,600 units, actual 11,040 (b) Standard 7,900 units, actual 8,058. Find each percentage deviation and decide.

Section C — Word problems — 4 × 4 = 16 marks

17. Explain the importance of controlling.

18. Match each with its meaning: (a) critical point control (b) corrective action (c) deviation. Choose from: focusing control on key result areas; the difference between actual and planned performance; steps taken to remove the causes of deviations.

19. Read about Sunrise Foods Ltd. (a) Regular checks keep the firm on track to meet its yearly target. (b) Comparing results shows the standard set was too high. (c) Workers know how they will be judged and work harder. Identify the importance of controlling in each part and explain it briefly.

20. Pragati Paper Mills Ltd set a standard of 3,500 units a month. Actual output was 3,570. Deviations above 8% go to the top manager. (a) Find the deviation in units and as a percentage. (b) Should it be reported? (c) If the cause is unrealistic standards, what corrective action should be taken?

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Answer key

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Q	Answer	Working
1	**(d) according to plans**	—
2	**(a) a criterion against which performance is measured**	—
3	**(c) repair or replace the machines**	—
4	**(a) accomplishing organisational goals**	—
5	**(c) Only complaints that stay unsolved for a week are sent to the manager.**	—
6	**(d) comparing actual performance with standards**	—
7	**(c) 10%**	560 ÷ 5,600 × 100
8	**(a) it is reported to management (a 15% deviation)**	—
9	**The function of ensuring that activities in the organisation are performed as planned.**	—
10	**(a) reporting only significant deviations to management (b) areas critical to the success of the firm**	—
11	**c, a, b**	setting performance standards → measuring actual performance → taking corrective action
12	**(a) modify the existing process (b) improve working conditions**	—
13	**(a) critical point control (b) management by exception**	—
14	**₹142; 2%; unfavourable**	6,958 − 7,100; ÷ 7,100 × 100
15	**(a) accomplishing organisational goals (b) improving employee motivation**	—
16	**(a) 15%: report (b) 2%: do not report**	deviation ÷ standard × 100
17	**Accomplishing goals, judging the accuracy of standards, making efficient use of resources, improving employee motivation, ensuring order and discipline, and facilitating coordination.**	—
18	**(a) focusing control on key result areas (b) steps taken to remove the causes of deviations (c) the difference between actual and planned performance**	—

Q	Answer	Working
19	**(a) accomplishing organisational goals: control keeps work moving towards the goals (b) judging the accuracy of standards: it shows whether standards are realistic (c) improving employee motivation: employees know what is expected and how they will be judged**	—
20	**(a) 70 units, 2% above standard (b) no (c) revise the standards**	3,570 − 3,500; ÷ 3,500 × 100

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