

## 1. Details of Module and its structure

Module Detail	
Subject Name	Business Studies
Course Name	Business Studies 03 (Class XII, Semester - 1)
Module Name/Title	Controlling: Part – 1
Module Id	Lebs_10801
Pre-requisites	Knowledge about Concept, Features, Importance of Controlling
Objectives	After going through this lesson, the learners will be able to understand the following: <ol style="list-style-type: none"><li>1. State and explain the meaning of controlling.</li><li>2. Underline the importance of controlling.</li><li>3. Analyse the relationship between planning and controlling.</li><li>4. Describe the steps in the process of controlling.</li></ol>
Keywords	Planned results, Pervasive function, Organisational goals, Employee motivation

## 2. Development team

Role	Name	Affiliation
National MOOC Coordinator (NMC)	Prof. Amarendra P. Behera	CIET, NCERT, New Delhi
Program Coordinator	Dr. Mohd. Mamur Ali	CIET, NCERT, New Delhi
Course Coordinator (CC) / PI	Dr. Punnam Veeraiah	CIVE, RIE Campus, Bhopal
Subject Matter Expert (SME)	Mrs. Poonam Bhasin	DPS Vasant Kunj, New Delhi
Review Team	Ms. Preeti Sharma	Kendriya Vidyalaya JNU, New Delhi

---

## **Introduction**

Did you ever realize why your teachers give you assignments after completion of each chapter, conduct exams periodically or why your parents are so eager to attend PTMs? Let me answer this. Teachers give you assignment to see if you have understood what was being taught in the class and check if you are studying. Exams are conducted to ensure that you follow a consistent pattern to study and your parents never miss a PTM because it is one of the most important means to know how you are doing and what you are doing in school. All these are actually done to keep a track on your progress and ensure that all your activities conform to the standards set in advance for you or by you. Do not forget your target 90+ in boards. To achieve the set target, CONTROL is a must.

So, you will agree that the control is a technique used to ensure that progress of all activities is on track and in conformation with the standards set in advance.

\*Now I discuss the concept of controlling in detail which will help you to understand it further.

## **Concept of Controlling**

Controlling is the process of comparing the actual performance with the standards, finding out the deviations if any and taking corrective actions.

Controlling as a managerial function ensures:

- 1) That activities in an organisation are performed as per the plans.
- 2) That an organisation's resources are being used effectively and efficiently for the achievement of predetermined goals.
- 3) That corrective and preventive actions are taken in case of any deviation.

## **Definitions of controlling by different authors:**

Managerial Control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans. Koontz and O' Donnel.
---

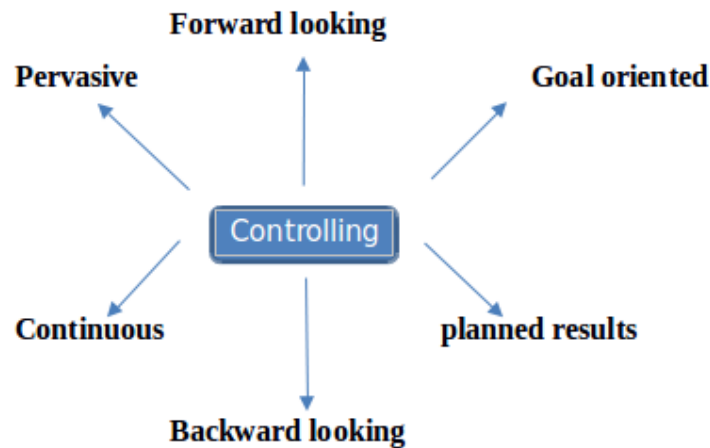
"Control Is the process of bringing about conformity of performance with plan action." Dale henning.
--

"Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary, apply corrective measures so that performance takes place according to
--

plans”. Terry and Fraklin.

“Controlling function leads to goal achievement, an organisation without effective control is not likely to reach its goal.” Ricky W. Griffin

### **Nature or Features of controlling**



- 1) **Planned results:** It seeks planned results from the subordinates enabling manager to have effective control over subordinate’s activities.
- 2) **Controlling is a goal oriented function:** because it measures the progress towards achievement of the organisational goals. If there are deviations and takes the necessary corrective action. In this way it helps in achievement of organisational goals.
- 3) **Controlling is a pervasive function:** Controlling is performed in all organisations whether business or non-business organisations such as educational institutions, military organisations and hospitals etc. It is performed at all the three levels of management, i.e. top level, middle level and lower level.
- 4) **Controlling is both backward looking as well as a forwarding looking function:** Controlling involves scrutinising the activities which have already been performed and therefore it is a backward looking function as it compares the actual performance with standards. At the same time it is also a forward looking function because it involves corrective actions to be taken, either to set right the deviations or to improve future performance on the basis of past experience.
- 5) **Controlling is a continuous process:** It is not a one time function because it involves constant review of actual performance for taking corrective actions. Controlling function also includes the revision of the existing plans in the light of deviations. It lays down the

---

basis for the formulation of new plans. Thus it helps in better and effective planning for future.

**Do not consider controlling as a last function of management**

Controlling should not be misunderstood as the last function of management. It is a function that brings back the management cycle back to the planning function. The controlling function finds out how far actual performance deviates from standards, analyses the causes of such deviations and attempts to take corrective actions based on the same. This process helps in formulation of future plans in the light of the problems that were identified and, thus, helps in better planning in the future periods. Thus, controlling only completes one cycle of management process and improves planning in the next cycle.

**Pervasive Importance of Controlling**

Control is an indispensable function of management. Without control the best of plans can go awry. Without it management process is incomplete. It is like a thermostat of refrigerator. If a refrigerator is malfunctioning, thermostat automatically stops cooling when overcooled and restarts automatically as soon as there is a need of cooling. The following points underline the importance of controlling:

- 1) **Accomplishing organisational goals:** The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. It, thus, guides the organisation and keeps it on the right track so that organisational goals might be achieved.
- 2) **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of such changes.
- 3) **Making efficient use of resources:** By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.

- 
- 4) **Improving employee motivation:** Planning provides standards and goals for all the employees and controlling ensures that the standards are adhered to and goals are achieved. A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance. The managers may recommend awards for best performance. Awards may be in the form of increments, bonus, promotion etc.
- 5) **Ensuring order and discipline:** Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behavior on the part of the employees by keeping a close check on their activities and It ensures that they come on time and perform their functions efficiently as per directions. They don't take unnecessary breaks. It helps in ensuring order and discipline and maintaining peaceful and cordial relations. The box explains how an import export company was able to track dishonest employees by using computer monitoring as a part of their control system.

#### **Control Through Computer Monitoring**

Managers at a New York City import-export company suspected that two employees were robbing it. Corporate Defense Strategies (CDS) of Maywood, New Jersey, advised the firm to install a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted e-mail report to CDS. Investigators revealed that the two employees were deleting orders from the corporate books after processing them, pocketing the revenues, and building their own company from within. The programme picked up on their plan to return to the office late one night to steal a large shipment of electronics. Police hid in the rafters of the firm's warehouse, and when the suspects entered, they were arrested. The pair was charged with embezzling \$3 million over two and a half years, a sizable amount of revenue for a \$25 million-a-year firm. Source: Hellriegel Don, Susan E. Jackson and John W. Slocum Jr., *Management: A Competency-based Approach*, Thompson, 2002, chap.19, p.526

- 6) **Facilitating coordination in action:** Controlling provides direction to all activities and efforts for achieving organisational goals. Each department and employee is governed by predetermined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished.

- 
- 7) **Helps in future planning by revising the standards:** If the standards are unrealistic, they are revised for future planning.

### **Summary at Glance**

#### **Concept of Controlling:**

Controlling is the process of comparing the actual performance with the standards, finding out the deviations if any and taking corrective actions.

#### **Features of controlling**

- It seeks planned results from the subordinates.
- Controlling is a goal oriented function.
- Controlling is a pervasive function.
- Controlling is both backward looking as well as a forwarding looking function.
- Controlling is a continuous process.

#### **Importance of controlling**

- Accomplishing organisational goals
- Judging accuracy of standards
- Making efficient use of resources
- Improving employee motivation
- Ensuring order and discipline
- Facilitating coordination in action
- Helps in future planning by revising the standards