Case Studies - (Chapter - 8) Controlling, BST Class 12

Case Studies - (Chapter - 8) Controlling

Q. 1. Babita Ltd. is engaged in manufacturing machine components. The target production is 250 units per day per worker. The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 200-210 units per worker.

1. Name the function of management and identify the step in the process of this function which helped in finding out that the actual production of a worker is less than the set target.

2. To complete the process of the function identified in (a) and to ensure the performance as per set targets, explain what further steps a manager has to take.

(5 marks)

Ans.

1. The management function is Controlling.

“Comparing actual performance with standards” is the step involved in the process of controlling which helped in finding out that the actual production of a worker is less than the set target.

1. A manager has to take the following two further steps to complete the process of controlling:

   1. Analysing deviations
   2. Taking corrective action

Q. 2. Rajeev and Sanjeev are managers in the same organization having different units. While discussing about the function of management, Rajeev says “Planning is looking ahead whereas controlling is looking back.” But Sanjeev says, “Planning is looking back whereas controlling is looked ahead.” Both are giving reasons in favour of their statements.

Explain the possible reasons given by both and justify who is correct. (6 marks)
Ans. Rajeev who says, “Planning is looking ahead whereas controlling is looking back” must be giving the following reason:

Sanjeev who says, “Planning is looking back where as controlling is looking ahead” must be giving the following reasons.

Conclusion: Planning and controlling are both backward looking and forward looking functions. Hence, both of them are partially correct.

Q. 3. ‘Saurashtra’ is a company involved in the export of indigenous food products like chutneys and pickles. It has tied up with the small farmers in various states for sourcing of fruits and vegetables. In this way it helps the small farmers to sell their produce at reasonable rates. The company follows a practice where only significant deviations from a budget or plan are brought to the attention of management. The degree of deviations allowed in different categories in the budget are well defined in advance, along with the appropriate levels of managements who will respond to the deviations in question. For example, a deviation of Rs. 20,000 or more in purchase costs will be reported to the concerned department manager.

In context of the above case:

1. Identify the principle of management control adopted by the company. State the belief underlying this principle.
2. List any two values that the company wants to communicate to the society.

Ans.

1. Management by exception is the principle of management control adopted by the company. It is based on the belief that ‘if you try to control everything, you may end up controlling nothing.’
2. The two values that the company wants to communicate to the society are:
   1. Rural development:
   2. Sense of responsibility:

Q. 4. Anubhav has set up an export house after completing his masters in fashion designing. As the quality of the garment depends on the quality of raw materials used, he assures that the fabric meets the requirements by conducting a series of tests for the fabrics like shrinkage test, testing colour fastness to washing, colour fastness to light, colour fastness to perspiration etc. through laboratory tests. Later on, at the production areas, fabric inspection is also conducted by stopping the production process. The tests help to
detect the deviations and also take corrective action. Moreover, the ensures that complete training about production work was given to every worker at the time of joining his export house.

In context of the above case:

1. Identify the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house.
2. Briefly explain the term 'deviations.'
3. Give any three advantages of giving training to the employees.

Ans.

1. Controlling is the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house.
2. The term ‘deviations’ refers to the difference between the actual performance and planning performance. If the actual performance is more than the planned performance, it may be said to be positive in nature or vice-versa.
3. The benefits of training of development to an organization are as follows:
   1. Training imparts systematic learning to the employees thereby helping to avoid wastage of efforts and money and is considered better than the hit and trial method.
   2. It increases the employees’ productivity both in terms of quantity and quality, leading to higher profits.
   3. Training increases the morale of the employees and reduces absenteeism and employee turnover.

Q. 5. Atul and Ajay are good friends. They decide to set up a digital printing press together as both of them are computer wizards. They plan to offer various types of printed products including labels, manuals, marketing material, memo pads, business order forms, T-shirts, mugs etc. They set standards for every aspect of their work in order to create an efficient working environment. As per the standards, an average person types between 38 and 40 words per minute. Keeping this in mind, they engage two typists Bitto and Raju and assign them work accordingly. Within two days, they realize the output in terms of typing work done by Raju is too less as compared to the desired output. On inspecting, Atul finds out that Raju's typing speed is between 18 and 20 words per minute only. But Raju exhibits great skills in designing work and is a good human being. Hence, Atul and Ajay decide to retain him for doing creative work and appoint a new typist.
In context of the above case:

1. Identify and explain the function of management being discussed here.
2. List the steps involved in the function of management as identified in part (a).

Also, quote the liens from the paragraph relating to each step.

Ans.

1. Controlling is the function of management being discussed here.
2. The steps involved in the process of controlling which are discussed in the above paragraph are:
   1. Setting standards of performance:
   2. Measurement of actual performance:
   3. Comparison of actual performance with the standards:
   4. Analyzing deviations:
   5. Taking corrective action:

Q. 6. D & D Ltd. is a large manufacturing unit. Recently, the company has conducted the ‘time’ and ‘motion’ studies and concluded that on an average a worker could produce 120 units per day. However, it has been noticed that average daily production of a worker is in the range of 80-90 units.

Which function of management is needed to ensure that the actual performance is in accordance with the performance as per ‘time’ and ‘motion’ studies? State four features of this function of management. (5 marks)

Ans. Controlling

Features of controlling:

1. Controlling is a goal-oriented function
2. Controlling is a pervasive function
3. Controlling is a continuous process
4. Controlling is both a backward looking as well as forward looking function.

Q. 7. ‘A.S. Ltd.’ is a large company engaged in assembly of air-conditioners. Recently the company had conducted the ‘Time’ and ‘Motion’ study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even
then the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy is gossiping.

1. Identify the function of management discussed above.
2. State those steps in the process of the function identified which are discussed in the above paragraph. (3 marks)

Ans.

1. Controlling
2. Steps discussed in the above paragraph are:
   1. Setting performance standards
   2. Measurement of actual performance
   3. Comparing actual performance with the standards
   4. Analyzing deviations for their causes.

Q. 8. A company ‘M’ Ltd. is manufacturing mobile phones both for domestic Indian market as well as for export. It has enjoyed a substantial market share and also had a loyal customer following. But latterly 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.

1. Identify the benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plan are actually implemented and targets attained?
3. Give the steps in the control process that the company should follow to remove the problems it is facing.

Ans.

1. Explain the importance of controlling.
2. Company can relate its planning with control in this line of business by following measure by implementing an effective controlling system and following a controlling process.
3. Explain steps in the process of controlling system.
Q. 9. 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 brake 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.

1. Identify the functions of management referred above.
2. Name the two ways of analyzing deviation mentioned above.
3. Name the method of training used by the company.
4. Identify the value being emphasized in above para.

Ans.

1. Staffing and controlling
2. (i) Critical Point Control

(ii) Management by exception

1. Apprenticeship method of training
2. Value of Humanity.

Q. 10. 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:

1. Name the steps involved in the controlling process which is being discussed in the above lines.
2. What do you understand by ‘critical point control’? Explain.
3. How does the controlling function of management help in accomplishing organizational goals and ensure efficient use of resources?

Ans.

1. Analyzing deviation and taking corrective action are being discussed in the above lines.
2. Since it may neither be economical nor easy to monitor each and every activity in the organization, there for every organization identifies and states its specific key result area (KRAs) or critical points which require tight control are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management.
3. The two points that highlight the importance of the controlling function are listed below:
   1. Accomplishing organizational goals:
   2. Making efficiently use of resources:

Q. 11. Raghav started a take away eating joint in a nearby market. His business was doing well. He ensured that the food was properly cooked, a standard taste was maintained, packing of food was done effectively and the orders were executed on time. But unfortunately he met with an accident and was advised three months bed rest. In his absence, his cousin Rohit took charge of his business. When he resumed his work after three months, he realized that his clientele had dropped. The people were not happy with the services as the quality of food had deteriorated and the delivery time for orders had increased considerably. All this was happening because most of his previous staff had left as Rohit used to adopt a very strict and authoritative approach towards them.

In context of the above case:

1. List any two aspects about his business that Raghav was controlling in order to make it successful.
2. Explain briefly any two points to highlight the importance of the controlling function.
3. Name and explain the style of leadership adopted by Rohit.

Ans.

1. The two aspects about his business that Raghav was controlling in order to make it successful are listed below:
   1. A standard taste was maintained.
   2. The orders were executed on time.
1. The two points that highlight the importance of the controlling function are listed below:
   1. Judging accuracy of standards:
   2. Improving employee motivation:

1. Rohit had adopted an autocratic style of leadership. An autocratic leader expects strict compliance form his subordinates with regard to the orders and instructions given by him. Therefore, it involves only one-way communication.

Q. 12. Mr. Nath, a recently appointed production manager of Suntech Ltd. has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. Mr. Nath's behavior is good towards the employees. His attitude is always positive. So he announced various incentive schemes for the employees like:

- installing award or certificate for best performance.
- Rewarding an employee for giving valuable suggestions.
- Congratulating the employees for good performance.

(a) Identify the functions of management highlighted in the above paragraph.
(b) State the 'incentive' under which the employees are motivated.
(c) State any two values which the production manager wants to communicate to the society by his work and behavior. (5 marks)

Ans.

1. Controlling and Directing
2. Employee recognition programme (non-monetary incentive)
3. Values:
   ● Sensitivity to environment
   ● Good behavior towards employees
   ● Team work with employees

Q. 13. Joseph Bros. was a firm manufacturing jute lamp shades. It uses left over jute pieces from various jute factories to manufacture economical lamp shades which are supplied to various hotels in nearby towns: it employs men and women from nearby villages as workers for creating good lamp shade designs.
Joseph Bros., is not able to meet its targets. Namish, the supervisor of the company, was
told to analyze the reasons for the poor performance. Namish found following problems and
suggested certain solutions in the working of the business. The number of workers
employed was less than what was required for the work. As a result, the existing workers
were overburdened. The firm decided to search for new workers and it asked the present
employees to introduce candidates or recommend their friends and relatives to the firm.
This enabled the firm in “putting people to jobs” and assured attainment of objectives
according to plans.

1. Identify the functions of management being performed by the firm in the above
situation.
2. Name the concept and its source used by the firm to attract more workers for the firm.
3. State any two values being followed by Jacob Bros. 

Ans.

1. Staffing and Controlling
2. Recruitment, External Source of Recruitment (Recommendations of employees)
3. Values being followed by Joseph Bros.: 
   1. Creating employment opportunities.
   2. Utilizing resources efficiently by using leftover clothes.

Q. 14. A company was manufacturing ‘LED bulbs’ which were in great demand. It was
found that the target of producing 300 bulbs a day was not met by the employees. On
analysis, it was found that the workers were not at fault. Due to electricity failure and
shortage of workers, the company was not able to achieve the set targets and alternative
arrangements were needed.

To meet the increased demand, the company assessed that approximately 88 additional
workers were required out of which 8 would work as heads of different departments and 10
would work as subordinates under each head. The required qualifications and job
specifications were also enlisted. It was also decided that necessary relaxation should be
given to encourage women, persons from backward and rural areas and persons with
special abilities to assume responsible positions in the organization. All efforts were made
to match the ability of the applicants with the nature of work.

1. Identify the functions of management discussed above.
2. State the two steps in the process of each function discussed in the above para.
3. List any two values which the company wants to communicate to the society
(6 marks)

Ans.

1. Staffing and controlling
2. Step in Staffing
   1. Estimating manpower requirements:
   2. Recruitment:
      1. Steps in controlling:
         1. Comparison of actual performance with the standards:
         2. Analyzing deviations:
         3. Taking corrective action:
      1. Values which the company wants to communicate to the society:
         2. Women empowerment.
         3. Upliftment of underprivileged sections of the society.

Q. 15. Airtech Ltd. is manufacturing mobile phones both for domestic Indian market as well as for export. It has 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 players 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. It also decides to offer its basis models of mobile phones at 50% discount to the poor people.

1. State any two benefits the company with derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plan are actually implemented and targets attained.
3. Give the steps that the company should follow to remove the problems it is facing.
4. Identify any one value which the company wants to communicate to the society.
   (6 marks)

Ans.

1. Two benefits which the company will derive from a good control system are:
   1. Accomplishing organizational goals of increasing market share and customer satisfaction.
2. Making efficient use of resources by controlling wastage and spoilage of resources; and ensuring that each activity is performed according to the predetermined standards.
1. Controlling will improve future planning by providing information to the company derived from past experience that its targets were not met with regard to sales and customer satisfaction.
2. The company should undertake technological up gradation of machinery, and modify the existing process so that cost is reduced and the company can set lower price for its mobile phones to bet its competitors.
3. Value:
   - Concern about poor people
   - Social responsibility

Q. 16. You are the manager of Bharti Chemicals Ltd. it is reported to you that postal expenses have increased by 10% over standard rates and cost of raw materials has increased by 2%. Which of the two deviations will be more critical to you? (1 mark)

Ans. Increase in cost of raw materials by 2% is more critical. (Critical Point Control)

Q. 17. Surbhi Ltd. produces safety pins on a mass scale. The company’s policy is that at most 25% of the daily production could be defective. Over a three months period, it has been observed that 8% - 10% of the production is defective. The cause of deviation found is defective machinery. What corrective action should be taken by the management? (1 mark)

Ans. Repair the existing machine or replace the machine if it cannot be repaired.

Q. 18. K & K Co. Ltd. is engaged in manufacturing machine components. The target production is 200 units daily. The company had been successfully attaining this target until two months ago. Over the last few months it has been observed that daily production varies between 150-170 units.

Identify the possible causes for the decline in production and the steps to be taken to achieve the desired targets. (5 marks)

Ans.
<table>
<thead>
<tr>
<th>CAUSES OF DEVIATION</th>
<th>CORRECTIVE ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. defective materials</td>
<td>Change the quality specification for the</td>
</tr>
<tr>
<td></td>
<td>materials used</td>
</tr>
<tr>
<td>2. Defective machinery</td>
<td>Repair the existing machine or replace the</td>
</tr>
<tr>
<td></td>
<td>machine if it cannot be repaired</td>
</tr>
<tr>
<td>4. Defective process</td>
<td>Undertake technological upgrading of</td>
</tr>
<tr>
<td></td>
<td>machinery</td>
</tr>
<tr>
<td>3. Obsolete machinery</td>
<td>Modify the existing process</td>
</tr>
<tr>
<td>5. Defective physical conditions of</td>
<td>Improve the physical conditions of work</td>
</tr>
<tr>
<td>work</td>
<td></td>
</tr>
</tbody>
</table>

By sumit shukla.....................