SMIT SIR COMMERCE

GSEB | ENGLISH MEDIUM

ORGANISATION OF COMMERCE AND MANAGEMENT

STANDARD 12

CHAPTER 7

Controlling

Complete Concept Notes | Simple Explanations | Examples | Exam Preparation

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Learn the Concept. Understand the Logic. Write Better Answers.

Chapter at a Glance

Controlling is the last step in the management process. It checks whether actual activities are being performed according to plans, standards and instructions, finds deviations, and takes corrective measures.

Stage	Topic	What You Learn
1	Controlling	Meaning, characteristics and importance
2	Planning & Controlling	How both functions are interdependent
3	Controlling Process	Five stages of control
4	Corrective Measures	No change, remove deviation, or establish fresh standards

EXAM IMPORTANT

Very high-value areas: 10 characteristics, 11 importance points, relation between planning and controlling, 5 stages of controlling process, and 3 corrective-measure alternatives.

Learning Objectives

- define controlling in simple and academic language.
- explain all characteristics of controlling from the textbook.
- explain the importance of controlling point by point.
- explain why planning and controlling are interdependent.
- write the relation between planning and controlling in four textbook points.
- describe all five stages of the controlling process in correct order.
- explain the three corrective-measure situations.
- solve textbook-style MCQs, short answers and long answers.

SMIT SIR'S NOTE

The easiest logic is: Set Standard -> Collect Information -> Measure -> Compare -> Correct.

7.1 Controlling - Meaning

Meaning: Controlling means checking whether activities are being carried out according to the plan and predetermined standards, evaluating performance, finding deviations and taking corrective measures where required.

In Simple Words: Controlling asks: What was planned? What actually happened? What is the difference? What should we correct?

KEY TERM - CONTROLLING

A process of ensuring that activities are carried out according to plans and standards, identifying deviations and taking necessary corrective action.

Source idea: The chapter emphasizes that planning determines objectives and controlling ensures that activities conform to those plans.

Teacher Example: A business planned monthly sales of 1,000 units but actual sales are 850 units. Control compares the two, studies the reason for the shortfall and decides corrective action.

REMEMBER THIS

Controlling is not only finding mistakes. It is also about correcting them and preventing their recurrence.

Key Source Definitions - Simplified

Henry Fayol's source framing: Control ensures that activities are carried out according to adopted plans, orders and laid-down principles, and points out mistakes so they can be corrected and prevented from recurring.

Peter F. Drucker's source framing: Controlling maintains a balance between efforts and results and between resources and objectives.

SMIT SIR'S NOTE

In exam answers, use the textbook's core words: plan, standards, deviations, corrective measures.

7.1.2 Characteristics of Controlling

No.	Characteristic	Core Idea
1	Related to Planning	Control is impossible without plans and standards.
2	Function at Every Level of Management	Managers at all levels perform control.
3	Continuous Process	Control must continue throughout activities.
4	End Activity of Management	It comes after other managerial functions are set into action.
5	Related to Future	Past errors are studied so they are not repeated in future.
6	Constructive Activity	Control is positive because it rectifies mistakes.
7	Internal Process	It controls internal business activities.
8	Dynamic Process	Control changes as assumptions and plans change.
9	Person-Oriented / Subjective Activity	People are at the centre of control.
10	Formal or Informal	Control systems may be formally established or develop informally.

1. Related to Planning

Explanation: Planning makes plans; controlling checks whether activities are carried out according to those plans. Without planning there is no standard for control.

Teacher Example: If no sales target is fixed, actual sales cannot be meaningfully compared with a planned standard.

2. Function at Every Level of Management

Explanation: Control is not limited to one department or level. Managers at every level control the work of subordinates.

Teacher Example: Top management controls overall results; a supervisor controls worker performance.

3. Continuous Process

Explanation: Control is not a one-time activity. Constant supervision and effort are needed to remove deviations and maintain standards.

Teacher Example: Quality and cost control continue throughout production.

4. End Activity of Management

Explanation: Planning sets objectives, organizing arranges resources, directing gives guidance, and controlling checks results after activities begin.

Teacher Example: At the end of a work cycle, actual performance is checked against plans.

5. Related to Future

Explanation: The manager cannot change the past, but can study past errors and take steps so that wastage, losses and mistakes are not repeated.

Teacher Example: A company studies last month's delivery delays and changes the next month's process.

6. Constructive Activity

Explanation: Control is not a negative attack on workers. It rectifies errors and ensures proper guidance, making it a constructive activity.

Teacher Example: A supervisor corrects a faulty work method instead of only blaming the worker.

7. Internal Process

Explanation: Control covers internal activities such as production, sales, purchase, finance, accounts and employee work methods.

Teacher Example: A business can control internal production procedures but cannot fully control inflation.

8. Dynamic Process

Explanation: When assumptions, plans and conditions change, the control system must also change.

Teacher Example: A revised production target requires a revised control standard.

9. Person-Oriented / Subjective Activity

Explanation: The textbook states that people are at the centre of controlling. Work is ultimately done by persons and deviations may also arise from human weakness.

Teacher Example: A manager studies whether employees need clearer instructions or training.

10. Formal or Informal

Explanation: Organizations may establish formal systems of control, while informal control may also develop over time.

Teacher Example: Formal production reports may exist along with informal daily observation by managers.

EXAM IMPORTANT

For a long answer, write all 10 characteristics in textbook sequence.

7.1.3 Importance of Controlling

No.	Importance	Core Benefit
1	Helpful in Achievement of Objectives	Finds errors and supports corrective measures.
2	Control on Activities	Controls functional and business activities.
3	Makes Planning Effective	Finds deviations and improves implementation.
4	Co-ordination between Various Activities	Helps different activities remain aligned.
5	Evaluation of Activities	Compares activities with predetermined standards.
6	Removes Deviations	Finds causes of deviation and corrects them.
7	Necessary for Delegation of Authority	Superior must supervise delegated work.
8	Finds Out Errors	Detects errors, difficulties and defects.
9	Long-term Planning	Control information supports future assumptions.
10	Helpful in Directing	Supervision and guidance become easier.
11	Barometer of Efficiency	Efficient control reflects efficient management.

1. Helpful in Achievement of Objectives

Explanation: Controlling finds deviations and corrective measures, helping activities move according to plan.

Teacher Example: If production is below target, management studies the gap and corrects the cause.

2. Control on Activities

Explanation: Different areas such as organization, production, sales, employees, finance and quality can be controlled.

Teacher Example: Quality standards can be monitored during production.

3. Makes Planning Effective

Explanation: Planning lays down the path; control checks deviations and improves performance, making planning successful.

Teacher Example: A sales plan becomes useful when actual sales are checked against planned sales.

4. Co-ordination between Various Activities

Explanation: Control supports co-ordination because departments are checked against common plans and objectives.

Teacher Example: Production and sales are kept aligned with the same target.

5. Evaluation of Activities

Explanation: Activities are compared with predetermined standards and evaluated.

Teacher Example: Actual cost is compared with standard cost.

6. Removes Deviations

Explanation: Control investigates causes of deviation and takes corrective measures to reduce them.

Teacher Example: Excess material wastage is identified and corrected.

7. Necessary for Delegation of Authority

Explanation: After authority is delegated, the superior must still supervise performance. The textbook notes that authority may be delegated but accountability cannot be passed away.

Teacher Example: A manager delegates purchase work but still reviews the results.

8. Finds Out Errors

Explanation: Control helps discover errors, defects, difficulties and deviations and prevents repetition.

Teacher Example: An accounting error is identified during review and procedures are corrected.

9. Long-term Planning

Explanation: Information gathered through control about present activities can help future planning and assumptions.

Teacher Example: Past sales-control data helps estimate future targets.

10. Helpful in Directing

Explanation: Control supervises personnel and gives guidance when difficulties arise, helping activities follow plans.

Teacher Example: A supervisor guides workers after identifying repeated errors.

11. Barometer of Efficiency

Explanation: The textbook calls controlling the barometer of management efficiency because effective control improves managerial efficiency.

Teacher Example: An organization with clear standards and timely corrective action usually operates more efficiently.

EXAM IMPORTANT

Importance has 11 textbook points. The last phrase 'barometer of efficiency' is especially memorable.

7.2 Relation between Planning and Controlling

Planning and controlling are interrelated. Planning decides future objectives and activities; controlling checks whether those activities are actually performed according to the plan.

No.	Relationship	Meaning
1	Two Sides of the Same Coin	Each depends on the other.
2	Protection Against Change	Planning and control help respond to changing internal/external conditions.
3	Planning is a Pre-condition for Controlling	Without standards created by planning, comparison is impossible.
4	Planning is the Father of Controlling	Controlling exists because planning first establishes what should be done.

1. Two Sides of the Same Coin

Explanation: Planning and controlling are two important and interdependent management functions. Control finds deviations and corrective action, while planning gives the standards that make control possible.

Teacher Example: No plan -> no meaningful control. No control -> no assurance that the plan is being achieved.

2. Protection Against Change

Explanation: Plans are affected by internal and external factors such as government policy, competition, inflation, scarcity of raw materials, changes in choice and fashion. Controlling checks whether activities still follow plans.

Teacher Example: If raw material prices rise unexpectedly, control shows the effect and management may adjust action.

3. Planning is a Pre-condition for Controlling

Explanation: Control compares actual performance with standards. Standards come from planning, so planning must exist first.

Teacher Example: A manager can compare actual production only if the planned production target was already set.

4. Planning is the Father of Controlling

Explanation: Controlling exists because planning has already decided activities and standards. Without planning, controlling has no base.

Teacher Example: The control system is born from the plan's targets and standards.

REMEMBER THIS

Planning says what should happen. Controlling checks what actually happened and corrects the gap.

7.3 Stages of the Controlling Process

The textbook gives five common stages of the control mechanism:

Step	Stage	Core Question
1	Setting Standards	What result should be achieved?
2	Gathering Information	What is actually happening?
3	Measuring Performance	How much / how well was achieved?
4	Comparing Actual Performance with Set Standards	What is the deviation?
5	Corrective Measures	What action should now be taken?

REMEMBER THIS

Control Process = Standard -> Information -> Measure -> Compare -> Correct.

7.3.1 Setting Standards

Meaning: The controlling process starts with establishment of standards. Standards are measures of efficiency against which actual performance is compared.

Source details: Standards may be qualitative or quantitative and may include physical targets, cost, price, income, capital, profit targets, production targets and cost targets.

Standards may also be long-term or short-term. The textbook states that employees should be informed about standards so they can plan their work accordingly.

Teacher Example: Standard = produce 500 units per day with maximum defect rate of 2%.

EXAM IMPORTANT

A standard must be clear, understandable and measurable enough for comparison.

7.3.2 Gathering of Information

Meaning: Information is gathered about the work done and the actual situation.

Textbook methods: Information may be gathered through personal observation, oral reports and written reports.

Teacher Example: A supervisor checks production directly, asks the team leader for an oral report and also reviews the written production report.

REMEMBER THIS

Without reliable information, performance cannot be measured correctly.

7.3.3 Measuring Performance

Meaning: Actual performance is measured to determine whether activities have been carried out according to standards.

Measurement may be qualitative, quantitative or both.

Teacher Example: Quantity produced = 470 units; quality score = acceptable; defect rate = 3%.

7.3.4 Comparing Actual Performance with Set Standards

Meaning: Actual work information is compared with predetermined standards to determine whether standards have been achieved.

Teacher Example: Standard output = 500 units; actual output = 470 units; deviation = 30 units below standard.

KEY TERM - DEVIATION

The difference between predetermined standard performance and actual performance.

SMIT SIR'S NOTE

Comparison itself is not the end. The manager must decide whether the deviation is acceptable or requires correction.

7.3.5 Corrective Measures

Meaning: Corrective measures are the last stage of controlling. After comparison, deviations are identified and suitable action is taken.

The textbook gives three possible corrective-measure situations:

Option	When Used	Action
1. No Change in Condition	Deviation is normal or acceptable	Continue without corrective change.
2. Change the Condition to Remove Deviation	Actual deviation is significant	Examine causes and take corrective action.
3. Change Condition and Establish Fresh Standards	Existing standards remain repeatedly unrealistic or results consistently exceed them	Revise conditions and set new standards.

Corrective Measures - Easy Understanding

1. No Change in the Condition

Explanation: If deviation is normal or acceptable compared with set standards, no corrective measure is needed.

Teacher Example: Standard delivery time is 2 days and actual is 2 days; no change.

2. Change the Condition to Remove Deviation

Explanation: If deviation is large, its causes are examined and correction is made.

Teacher Example: Actual wastage is much higher than standard, so the process is improved.

3. Change the Condition and Establish Fresh Standards

Explanation: If standards are continuously unattainable because they are extraordinarily high, or performance continuously exceeds old standards, the standards may need revision.

Teacher Example: A team consistently produces 600 units against an old standard of 500; management may establish a higher realistic standard.

EXAM IMPORTANT

The control process is constructive because its purpose is not merely to detect deviation but to take the right action and move activities toward objectives.

Controlling Process - One-Look Flow

1. SET STANDARDS
↓
2. GATHER INFORMATION
↓
3. MEASURE PERFORMANCE
↓
4. COMPARE WITH STANDARDS
↓
5. TAKE CORRECTIVE MEASURES

Chapter Glossary

Term	Simple Meaning
Controlling	Checking performance against plan and taking corrective action.
Standard	Predetermined measure or target used for comparison.
Actual Performance	What has actually been achieved.
Deviation	Difference between standard and actual performance.
Corrective Measure	Action taken to remove or manage deviation.
Personal Observation	Gathering control information by directly observing work.
Oral Report	Spoken information about actual work or performance.
Written Report	Documented information about actual performance.
Quantitative Standard	Standard expressed numerically.
Qualitative Standard	Standard related to quality or non-numerical performance.
Formal Control	Officially established control system.
Informal Control	Control that develops through unofficial practices or observation.

Common Mistakes Students Make

COMMON MISTAKE

Wrong idea: Controlling means only punishing workers.
Correct idea: The textbook presents controlling as a constructive activity that rectifies mistakes and guides work.

COMMON MISTAKE

Wrong idea: Control happens only at top management.
Correct idea: Controlling is performed at every level of management.

COMMON MISTAKE

Wrong idea: Controlling is a one-time activity.
Correct idea: It is a continuous process.

COMMON MISTAKE

Wrong idea: Controlling is unrelated to planning.
Correct idea: Planning and controlling are interdependent; planning is the pre-condition for control.

COMMON MISTAKE

Wrong idea: Controlling is only about past performance.
Correct idea: Past performance is studied mainly to improve future activities.

COMMON MISTAKE

Wrong idea: External factors can be fully controlled.
Correct idea: The textbook distinguishes controllable internal activities from many external factors that cannot be controlled directly.

COMMON MISTAKE

Wrong idea: Deviation always requires change.
Correct idea: If the deviation is normal or acceptable, no corrective change may be required.

COMMON MISTAKE

Wrong idea: Standards should never change.
Correct idea: The textbook allows fresh standards when old standards are continuously unrealistic or performance consistently exceeds them.

How to Write Major Answers in the Exam

Q1. Explain Characteristics of Controlling

Best structure: Meaning -> all 10 characteristics in textbook order -> 1-2 lines each.

Q2. Explain Importance of Controlling

Best structure: Short introduction -> 11 importance points -> brief explanation.

Q3. Explain Relation between Planning and Controlling

Best structure: Introduction -> four textbook points -> short conclusion.

Q4. Explain Stages of Controlling Process

Best structure: Draw/write flow -> 5 stages in order -> explain each.

Q5. Explain Corrective Measures

Best structure: Explain the three textbook alternatives: no change, remove deviation, fresh standards.

EXAM IMPORTANT

This chapter rewards correct sequence and exact textbook headings.

Practice Set A - MCQs

1. Which function checks whether work is performed according to plans?

- A. Controlling
- B. Planning
- C. Staffing
- D. Organizing

2. Controlling is considered the:

- A. last step of management process
- B. first step
- C. recruitment step
- D. financial step

3. Which is a characteristic of controlling?

- A. Continuous process
- B. One-time process
- C. External process only
- D. Unrelated to planning

4. Controlling is performed at:

- A. every level of management
- B. top level only
- C. bottom level only
- D. no managerial level

5. Controlling is related to future because it:

- A. prevents repetition of past errors
- B. changes the past
- C. ignores errors
- D. removes planning

6. Which is an importance of controlling?

- A. Removes deviations
- B. Creates deviations
- C. Ends planning
- D. Removes standards

7. Planning is considered the pre-condition for:

- A. controlling
- B. recruitment
- C. advertising
- D. production only

8. Planning and controlling are called:

- A. two sides of the same coin
- B. unrelated functions
- C. identical processes
- D. external factors

9. The first stage of controlling process is:

- A. Setting standards
- B. Corrective measures
- C. Gathering information
- D. Comparing

10. The second stage is:

- A. Gathering information
- B. Corrective action
- C. Planning
- D. Staffing

11. The third stage is:

- A. Measuring performance
- B. Recruitment
- C. Delegation
- D. Directing

12. The fourth stage is:

- A. Comparing actual performance with standards
- B. Setting objectives
- C. Staffing
- D. Training

13. The last stage is:

- A. Corrective measures
- B. Setting standards
- C. Gathering data

- D. Planning

14. Information may be gathered through:

- A. personal observation, oral and written reports
- B. only advertising
- C. only interviews
- D. only budgets

15. Difference between actual performance and standard is called:

- A. deviation
- B. delegation
- C. direction
- D. motivation

Practice Set B - Conceptual MCQs

16. A manager finds that actual cost is higher than standard cost. What is identified?

- A. Deviation
- B. Delegation
- C. Motivation
- D. Recruitment

17. Actual result differs only slightly and within acceptable limits. What may be done?

- A. No change in condition
- B. Always set new standards
- C. Stop control
- D. Remove planning

18. A standard is continuously impossible to achieve. What does the textbook suggest?

- A. Establish fresh standards after required changes
- B. Ignore it forever
- C. Stop measuring
- D. Remove employees

19. A supervisor directly watches work to collect control information. Which method?

- A. Personal observation
- B. Written report
- C. Advertisement
- D. Recruitment

20. A monthly production report is used in control. Which information method?

- A. Written report
- B. Oral report
- C. Informal motivation
- D. Leadership

21. Which statement is correct?

- A. Control is constructive
- B. Control is only negative
- C. Control is unrelated to objectives
- D. Control has no standards

22. A superior delegates work but remains answerable for results. Which importance point is involved?

- A. Necessary for delegation of authority
- B. Long-term planning only
- C. Marketing
- D. Recruitment

23. Control data is used to make future assumptions. Which importance point?

- A. Long-term planning
- B. Staffing
- C. Promotion
- D. Advertising

24. Control is called the barometer of:

- A. efficiency of management
- B. employee age
- C. market size
- D. ownership

25. Which comes before controlling?

- A. Planning creates standards
- B. Control creates planning first
- C. No planning is needed
- D. Control removes objectives

MCQ Answer Key

Q	Ans
1	A
2	A
3	A
4	A
5	A
6	A
7	A
8	A
9	A
10	A
11	A
12	A
13	A
14	A
15	A
16	A
17	A
18	A
19	A
20	A
21	A
22	A
23	A
24	A
25	A

SMIT SIR'S NOTE

For MCQs, identify whether the question tests characteristic, importance, planning-control relation, control stage or corrective measure.

Exam Question Bank - One Sentence

- Which function of management comes as the last step?
- Which level of management performs controlling?
- What is meant by a standard?
- What is deviation?
- Which is the first stage of the controlling process?
- Which is the last stage of the controlling process?
- State any one source of information used in controlling.
- What is meant by corrective measure?

Exam Question Bank - Short Answers

- Give the meaning of controlling.
- Explain why controlling is a continuous process.
- Explain how controlling is an internal process.
- Why is controlling called a dynamic process?
- Why is controlling related to future?
- Explain why planning is the pre-condition for controlling.
- Why is controlling important for delegation of authority?
- State the five stages of the controlling process.

Exam Question Bank - Brief / Detailed Answers

Brief-answer questions:

- Explain the relation between planning and controlling.
- Explain the importance of controlling.
- Explain the statement: Controlling is a constructive activity.
- Explain the three possible corrective measures.

Detailed-answer questions:

- Explain the characteristics of controlling with meaning.
- Explain the importance of controlling.
- Explain in detail the various stages of the controlling process.
- Explain the relationship between planning and controlling.

Application / Case-Based Practice

Case 1

A company fixes a target of 10,000 units before checking performance. Which stage?

Answer: Setting Standards.

Case 2

A manager collects oral, written and observation data. Which stage?

Answer: Gathering Information.

Case 3

Actual sales are calculated at 8,700 units. Which stage?

Answer: Measuring Performance.

Case 4

Actual sales of 8,700 are checked against standard sales of 10,000. Which stage?

Answer: Comparing Actual Performance with Set Standards.

Case 5

Management finds the shortfall is serious and changes the sales approach. Which stage?

Answer: Corrective Measures.

Case 6

The shortfall is tiny and within acceptable limits. What corrective option?

Answer: No Change in Condition.

Case 7

The target is repeatedly impossible under current conditions. What may management do?

Answer: Change conditions and establish fresh standards.

Case 8

Past errors are studied so they do not occur next month. Which characteristic?

Answer: Controlling is Related to Future.

5-Minute Chapter Revision

Controlling: Check actual performance against plan, find deviation, correct it.

Characteristics: Related to planning, every level, continuous, end activity, future-related, constructive, internal, dynamic, person-oriented, formal/informal.

Importance: Objectives, activity control, effective planning, co-ordination, evaluation, remove deviations, delegation, errors, long-term planning, directing, barometer of efficiency.

Planning-Control Relation: Two sides of same coin, protection against change, planning is pre-condition, planning is father of controlling.

Process: Standards -> Information -> Measure -> Compare -> Correct.

Corrective Measures: No change / remove deviation / revise condition and establish fresh standards.

EXAM IMPORTANT

Ultra-short memory: PLAN gives the standard; CONTROL checks the result.

One-Page Master Revision Sheet

Topic	Must Remember
Meaning	Compare actual performance with plan and correct deviations
Characteristics	10 textbook characteristics
Importance	11 textbook importance points
Planning & Control	Interdependent; planning is pre-condition
Stage 1	Setting Standards
Stage 2	Gathering Information
Stage 3	Measuring Performance
Stage 4	Comparing Actual with Standards
Stage 5	Corrective Measures
Corrective Option A	No change if deviation is acceptable
Corrective Option B	Change condition to remove deviation
Corrective Option C	Change condition and establish fresh standards
Standard Types	Qualitative / Quantitative; long-term / short-term
Information Sources	Personal observation, oral reports, written reports

Have You Mastered This Chapter?

- ☐ I can define controlling clearly.
- ☐ I can explain all 10 characteristics.
- ☐ I can explain all 11 importance points.
- ☐ I can explain all 4 relations between planning and controlling.
- ☐ I can write all 5 control stages in order.
- ☐ I can explain all 3 corrective-measure situations.
- ☐ I can identify qualitative and quantitative standards.
- ☐ I can solve MCQs and case questions without guessing.

CHAPTER 7 COMPLETE

Controlling

SMIT SIR'S FINAL MESSAGE

Controlling is not about catching people doing something wrong. Its textbook purpose is to compare work with the plan, understand deviations and take corrective measures so organizational objectives can be achieved more effectively.

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