



Application Type Questions

Following are some behaviours that you and others might engage in on the job. For each item, choose the behaviour that management must keep a check to ensure an efficient control system.

1. Biased performance appraisals.
2. Using company's supplies for personal use.
3. Asking a person to violate company's rules.
4. Calling office to take a day off when one is sick.
5. Overlooking boss's error to prove loyalty
6. Claiming credit for someone else's work.
7. Reporting a violation on noticing it.
8. Falsifying quality reports.
9. Taking longer than necessary to do the job.
10. Setting standards in consultation with workers.

You are also required to suggest the management how the undesirable behaviour can be controlled.

Answers:

1. To avoid biased appraisal, performance appraisal should be taken by a committee of experts.
2. The statement are not so expensive, so it can be ignored.
3. Strict and immediate disciplinary action should be taken.
4. Mass bunking should not be allowed.
5. Secret suggestion box can be used to" collect feedback about the boss for appraisal.
6. Performance records of employees to be maintained.
7. If minor can be over looked.
8. Strict quality control techniques should be used.
9. Time and motion study should be used to fix standard.
10. The use of scientific techniques can help in fixing the most feasible and optimum standards.

Case Problem

A company M limited is manufacturing mobile phones both for domestic Indian market as well as for export. It had 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.

1. Identify the benefits the company will derive from a good control system.

Ans: When company starts following a good control on operations, it leads to derive benefits which are

- (i) Helps in achieving desired goals.
- (ii) Judging accuracy of operations.
- (iii) Making efficient and effective use of resources.
- (iv) Improving employee morale.
- (v) Ensuring proper flow of orders and the whole system is in

discipline.

(vi) It facilitates the co-ordination and improve the performance of every individual.

2. How can the company relate its planning with control in this line of business to ensure that its plans are actually implemented and targets attained?

Ans: Company relates its planning with control in this line of business by implementing effective control system as this will help in two aspects planning makes controlling effective and efficient whereas controlling improves future planning because it is like a postmortem of past activities to find out deviations from the standards and in order to ensure that its plans are actually implemented and targets are attained they will take the help from controlling process as it is a systematic process and it leads to following benefits

(i) Setting Up of Standards In this step, company set some targets against which the actual performance is measured.

(ii) Measuring of Performance In this step, company is able to measure the performance and evaluating that what is actually done by the employees.

(iii) Compare Performance After evaluating the actual result, company compares the actual performance with the planned one this helps in knowing that the desired goal is achieved or not.

(iv) Analysing Deviations This refers to the difference between actual and desired performance. It helps in knowing to the company that the deviation is positive or negative. It needs focus on which part rather than analysing whole.

(v) Taking Corrective Measures Final step is to know the type of deviation and trying to remove this deviation and in future it matches with the plans.

3. Give the steps in the control process that the company should follow to remove the problems it is facing.

Ans: The company should follow these steps in a systematic manner

(i) Setting performance standards

(ii) Measurement of actual performance

(iii) Comparison of actual performance with standards

(iv) Analysing deviations

(v) Taking corrective actions

4. What techniques of control can the company use?

Ans: The company should follow the modern techniques to control the system

(i) ROI (Return on Investment):

It is a useful technique of controlling overall performance of a company. It indicates how effectively resources are being used, facilitates balanced use of capital employed, focuses on profits and relates them to capital invested.

(ii) Responsibility Accounting: Under this technique, organisation is divided into centres which is responsible for overall growth of various departments. Responsibility centres in the organisation are

(a) Cost Centre Under this, one can check the production and operational cost.

(b) Revenue Centre Sales or marketing departments come under this, it is responsible for generating revenue.

(c) Profit Centre Profit = Revenue - Cost. It ensures the actual profit derived from the business.

(d) Investment Centre This centre ensures the optimum use of assets and it makes use of return on investment.

(iii) MIS (Management Information System):

It is a control technique which provides information and support for effective managerial decision making. It provide accurate information to the managers, helps in planning, controlling, provides cost effective information and many more.

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