UNIT-4: FUNCTIONS OF MANAGEMENT: controlling- need, nature, importance, process & technology, COORDINATION- need-importance, strategic management- definition, classes of decision, levels of decision, strategy, role of strategist.

OUTCOMES:
- He outcomes of controlling in management can be:
 Controlling in management leads to improved performance, increased efficiency, better decision-making and improved communication.
- Overall, strategic management helps organizations to achieve their goals and objectives by providing a clear direction, improving decision-making, allocating resources effectively, gaining a competitive advantage, improving performance, and encouraging innovation.

INTRODUCTION: every organisation aims to achieve certain objectives or goals. Controlling function aims to ensure whether everything is being done according to predetermined goals.

MEANING OF CONTROLLING:
- Controlling refers to comparison of actual performance with the planned performance and taking corrective actions, in case of deviations between actual and planned performance.
- Controlling cannot prevent deviations. But, it can minimise them by taking actions and decisions that reduce their recurrence.
- **According to Harold Koontz**: Controlling is the measurement and correction of performance in order to make sure those enterprise objectives and the plans devised to attain them are accomplished.
- **According to Henry Fayol:** "Control consists in verifying whether everything occurs in conformity with the plans adopted the instructions issued and principles established.
- **According to Dale Henning**: Controlling function is performed in all types of organizations whether commercial or non commercial and at all levels i.e. top, middle and supervisory levels of management. Thus, it is a pervasive function.

Nature of Controlling
- Controlling is a **goal-oriented** function of management. It aims at ensuring that the resources of the organisation are used effectively and efficiently for the achievement of pre-determined organisational goals.
- Controlling is a **continuous** process. It means that once the actual performance and standard performance of a business are compared and corrective actions are taken, the controlling process does not end. Instead, the firms have to continuously review the performance and revise the standards.

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- Controlling is **all-pervasive.** It means that the controlling function is exercised by the firms at all levels of management. The extent of control and nature of the function may vary at every level. Also, a controlling process is required in both non-business and business organisations.
- Controlling process is both a **forward-looking** and **backward-looking** function. As a forward-looking function, it aims at improving the future performance of an organisation on the basis of its past experiences. However, as a backward-looking function, it measures and compares the actual performance and planned performance (fixed in past) of the organisation.

Importance of Controlling

Controlling function is important for every organisation due to the following reasons:
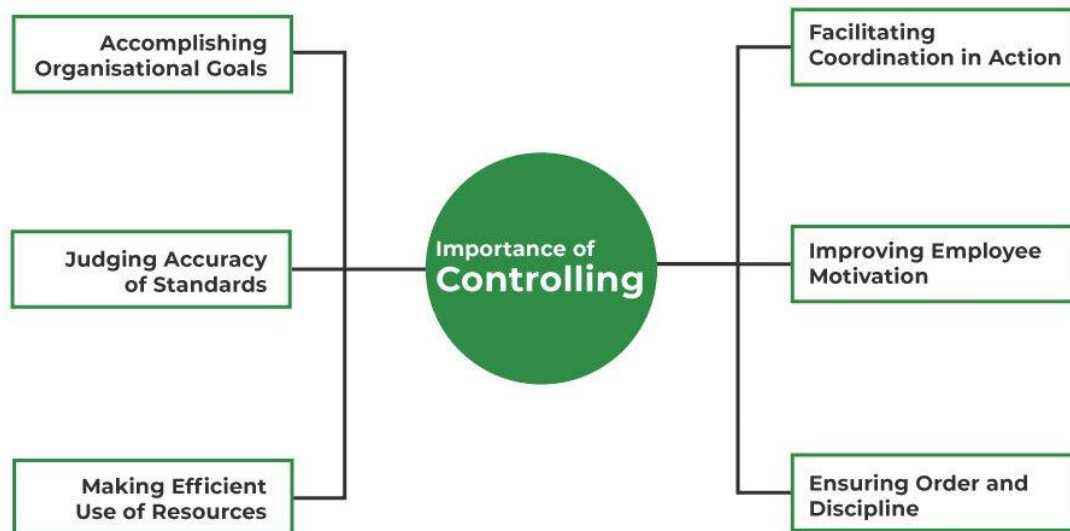
1. Accomplishing Organisational Goals

- Controlling is a goal-oriented process as it aims at determining whether the pre-determined plans are being performed accordingly and whether required progress is made towards the achievement of the objectives.
- With the help of controlling, an organisation can keep the business activities on the right track and can achieve the organisational goals effectively and efficiently, and take the necessary corrective actions if required.

2. Judging Accuracy of Standards

- An effective controlling process can help an organisation in verifying whether or not the firm has set the standards accurate.
- It also helps in keeping a check on the changes taking place in the business environment and making required changes in the standards whenever it is necessary.

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3. Making Efficient Use of Resources

- Controlling helps an organisation in reducing wastage of resources, as it aims at ensuring that every activity of the firm is performed according to the pre-determined goals.

4. Improving Employee Motivation

- As controlling process includes comparing the pre-determined goals of an organisation with its actual performance, it properly communicates the role of employees in advance.
- It means that the employees know in advance on what standards their performance will be measured, compared, and appraised. This set of pre-determined goals motivates them to give a better performance.

5. Ensuring Order and Discipline

- An efficient control system in an organisation can help its managers in creating an atmosphere of discipline and order in the firm. Besides, controlling also helps in keeping a continuous check on the employees so they can minimise undesirable activities, such as theft, corruption, fraud, etc.

6. Facilitating Coordination in Action

- Controlling process also helps an organisation in facilitating coordination between different divisions and departments by providing the employees with unity of direction.
- In other words, every employee and department of the organisation is governed by a pre-determined set of goals. It also motivates employees in achieving these common goals through coordination to avoid duplication of efforts.

Features of a Good Control System

1. **Suitable**: *A good control system should be suitable for the needs and nature of the organisation.*
2. **Simple**: *A good controlling system should be easy to operate and understand.*
3. **Economical**: *The cost of setting, implementing, and maintaining a control system should not be more than the benefits gained from it.*
4. **Flexible**: *A good control system should have the ability to adjust according to the changing business environment and internal conditions.*
5. **Forward Looking**: *A good control system should move in a forward direction so that the managers can easily determine the deviations before they actually happen in the organisation.*
6. **Objective:** *The standards of the organisation, its measurement of performance, and corrective actions should be impersonal and objective.*

Limitations of Controlling

1. Difficulty in Setting Quantitative Standards:

When an organisation cannot define its standards in quantitative terms, the controlling system becomes less effective. **For example,** it is difficult to measure

The human behaviour of employees in quantitative terms, which makes it difficult for the firm to measure their performance from the standards.

2. Little Control on External Factors:

The controlling system of an organisation can effectively control the internal factors; however, it is not easy to control the external factors of an organisation. **For example,** a firm can check and control any change in its production (internal factor), but cannot keep a check on the changing technological advancement, government policies, etc. (external factors).
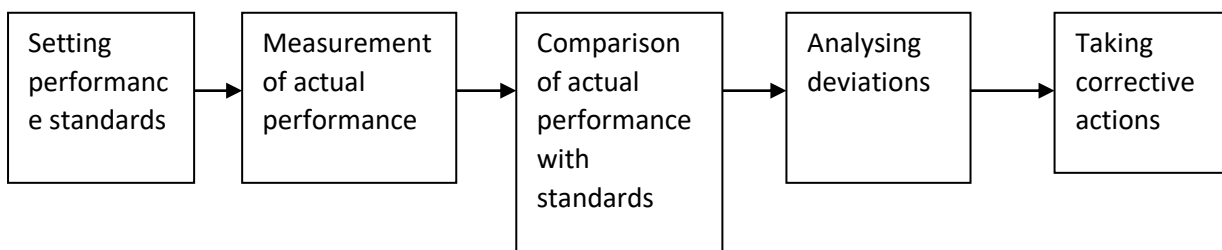
3. Resistance from employees:

The effectiveness of the controlling system highly depends on whether or not the employees have accepted the process. It means that if the employees think of the control system as a restriction on their freedom, they will resist the system. **For example,** the employees of an organisation might object when they are kept under various restrictions making them feel their freedom is being taken.

4. Costly Affair:

Controlling is an expensive process, which means that every employee's performance has to be measured and reported to the higher authorities, which requires a lot of costs, time, and effort. Because of this reason, it becomes difficult for small business firms to afford such an expensive system. Besides, a controlling system is effective only when the benefits gained from it exceed the expenses made on them.

Controlling Process:

There is a five-step procedure for controlling processes.

Setting performance standards	→	Measurement of actual performance	→	Comparison of actual performance with standards	→	Analysing deviations	→	Taking corrective actions

1. Setting Performance Standards:

- The first step of the process of controlling is to establish standards of performance against which the actual performance of the organisation is measured. An organisation should clearly define its standards to the employees and must establish attainable, understandable, and realistic standards to be achieved. Standards can be set in quantitative terms as well as qualitative terms.

- Under **quantitative terms,** the standards of an organisation are expressed in quantitative terms like units of the product to be produced and sold, revenue to be earned, the cost to be incurred, etc. While setting the quantitative standards an organisation should keep them precise so as to easily compare the actual performance with the standards.
- Under **qualitative terms,** the standards of an organisation are expressed in qualitative terms like time taken to serve a customer, motivation level of employees, etc.

2. Measurement of Actual Performance

- Once the organisation has established the standards, the second step of the process of controlling is to measure the actual performance in a reliable and objective manner. The actual performance of an organisation can be measured through different techniques such as sample checking, personal observation, etc.
- **For example,** an electrical appliance organisation can check the parts before assembling them together to ensure the final product is not defective.
- While measuring the actual performance of an organisation, it should be kept in mind that both quantitative and qualitative aspects are being considered. Sometimes organisations focus more on the quantitative aspects and less on the qualitative aspects, which can be harmful to them.
- **For example,** the quantitative standard of lowering the cost of a product can be achieved by degrading its quality. This can for sure lower the cost of the product, but can also lose the customers of the organisation.

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3. Comparison of Actual Performance with Standards:

- The third step of the process of controlling is to compare the actual performance of the organisation with the established standards (in the first step). By comparing the actual performance with the standards, an organisation can determine the deviation between them. When the standards are expressed in quantitative terms, it becomes easy for the organisation to make comparisons as there is no subjective evaluation required.
- **For example,** it is easy for an organisation to compare the number of units sold in a month against the set standard. However, the comparison between the set standard for the motivation of employees with its actual performance is difficult.

4. Analysing Deviations:

- The actual performance and set standards of an organisation rarely match with each other. Usually, there is always some variation between the expected and actual performance. Therefore, the fourth step of the process of controlling is to analyse the deviations.

5. Taking Corrective Action:

- The last and final step of the process of controlling is to take corrective action. If the deviations are within the acceptable limits set by the managers, then there is no need to take corrective action.

- **For example,** if the actual performance of the organisation deviates because of the lack of resources, then the managers try to procure them to meet the standards. However, if the actual performance deviates because of the lack of skills in the employees, then the managers might give proper and required training to the employees.
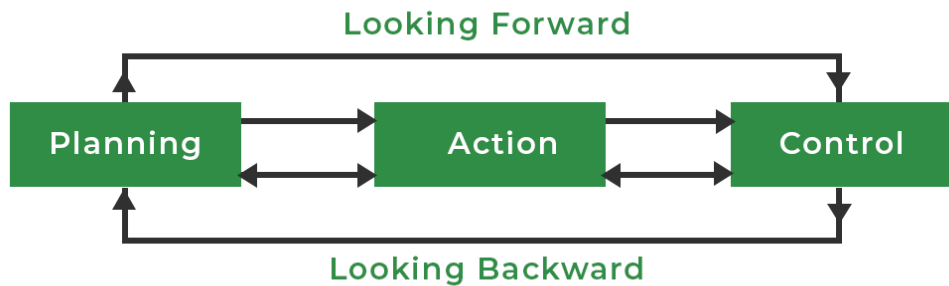
Relationship between Planning and Controlling

Planning and controlling are like two sides of a coin and cannot be separated from each other. The relationship between planning and controlling is as follows:

1. **Both Planning and Controlling are Interrelated and Interdependent**

Planning and controlling are interdependent as planning is useful only when the controlling function is performed, and the controlling function starts and ends with a new plan.

- **Controlling is based on planning.** If an organisation does not plan its objectives in advance, it will not have any basis or planned performance to compare the actual performance with. Therefore, to perform the controlling process it is essential to first perform the planning process.

- **Planning without controlling is useless.** If an organisation plans its objectives and does not compare the actual performance with the pre-determined goals or objectives, then there is no use to perform the planning process. After comparing the actual performance with the planned performance an organisation can make new plans or revise the existing plans for better performance. Therefore, controlling is essential to fulfil the pre-determined plans.

- *Planning without control is meaningless and control without planning is blind.*

2. **Planning is Prescriptive and Controlling is Evaluating:**

- As the planning process prescribes a firm the course of action, it should take to accomplish the organisational objectives, it is prescriptive in nature. However, controlling evaluates the actual performance of the organisation and checks whether or not the actual performance is up to the desired goals of the firm. Therefore, controlling is an evaluating process.

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- ***Hence, it can be said that the controlling process starts where the planning process ends.***

3. Both are Backward-looking as well as Forward-looking Functions:

- It is usually said that planning is a forward-looking function, as it provides a plan for the future and is based on future forecast conditions, and controlling is a backward-looking function, as it measures the actual performance of the organisation and compares it with the pre-determined or fixed standards. However, planning is also a backward-looking function because the plans of an organisation are prepared

After taking past experiences into consideration.

- Similarly, controlling is also a forward-looking function of management because its basic aim is to improve the future performance of an organisation by taking past experience into consideration.

Therefore, planning and controlling are both forward-looking as well as backward looking.

Techniques of Controlling in Management:

These techniques of control are being used by managers since long and, therefore, known as traditional techniques.

1. Personal Observation:
- The simplest way to control organisational activities is that managers take round at the work place and observe the progress of the work. Any defect in performance can be spotted and corrected immediately. A face-to-face interaction is possible where workers get their doubts solved on-the-job and guidance and counselling can also be provided there and then.

- This method creates psychological pressure on the employees and they perform better when they know they are being observed by their superiors. Managers can also know the behavioural, technical and psychological problems that workers are facing at the work place and they try to overcome these problems.

- However, this method demotivates the employees who work under psychological pressure of being constantly watched. This method is also not suitable for large-scale organisations where managers cannot spend time in personally observing the performance of each worker.

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2. Budgeting:

- A budget is a statement which reflects future incomes, expenditures and profits that can be earned by a firm. It is a future projection of the firm's financial position. Non-financial aspects like units produced, units sold, unit cost of material and labour etc. can also be important components of a budget.

- Budget is "the process of stating in quantitative terms, planned organisational activities for a given period of time." Budgeting control

  Refers to comparison of actual performance with planned or budgeted performance.

  - It is a basic technique of control and is used at every level of organisation. Budgets are prepared for the organisation as a whole and for each departmental unit.

3. Break-Even Analysis:

- Break-even analysis or cost-volume-profit analysis defines the relationship between sales volume, costs and profits to arrive at a figure of sales at which sales revenue is equal to cost. The point at which sales revenue is equal to cost (fixed cost plus variable cost) is the break-even point.

- Sales beyond the break-even point will earn profits for the organisation and sales below the break-even point are a situation of loss.

- As a technique of control, managers compare actual output with the break-even point of sales and if they are not able to sell beyond this point, they should improve their performance by increasing the sales or reducing the costs.

The break-even point can be diagrammatically depicted as follows:

Unit 4 - FUNCTIONS OF MANAGEMENT (CONTROLLING)
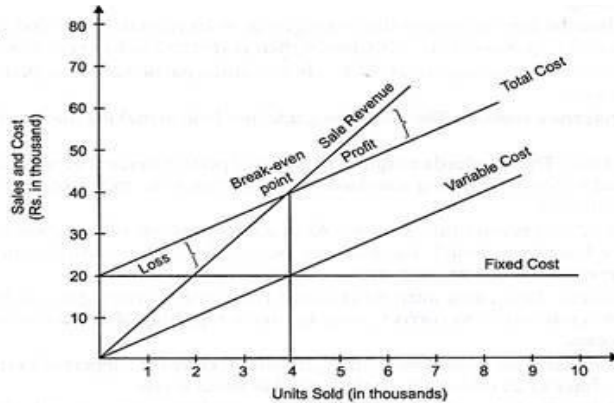
Selling price per unit   = ₹ 10
Variable cost per unit   = ₹ 5
Fixed cost   = ₹ 20,000

$$\text{Break-even point} = \frac{\text{Total Fixed Cost}}{\text{Selling Price per unit - Variable Cost per unit}}$$

$$= \frac{20,000}{10-5} = \frac{20,000}{5} = 4,000 \text{ units.}$$

At 4,000 units, the firm is indifferent to profits and losses (sales = cost, it is a no profit, no loss situation). If the firm sells more than 4,000 units, it will earn profits and if sales are less than 4,000 units, it will incur losses. As a controlling device, managers must perform at a level where they can sell at least 4,000 units.

4. Financial Statements:

- Financial statements depict financial position of the firm over a period of time, generally one year.

- The statements are prepared along with last year's statements so that firm can compare present performance with last year's performance and take action to improve its future performance. As these statements are prepared at the end of the financial year, as a measure of control, they guide managers to improve future performance.

5. Statistical Data and Reports:

- Data helps in applying statistical techniques of averages, regression, correlation etc. to predict financial performance. Data can be used for diagrammatic representations like trend charts, histograms, pie charts, and bar graphs etc. which assess the company's performance.

- Statistical data and regular reporting system provide information about company's financial and non-financial performance. A supervisor, **for example,** prepares a special report on how the salesmen are dealing with customers. This report helps managers to control the behavioural attitudes of salesmen to develop a good clientele.

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COORDINATION:

- Coordination is the function of management which **ensures that different department's and. groups work in sync**.
- Therefore, there is unity of action among the employees, groups, and. departments.
- It also brings harmony in carrying out the different tasks and activities to achieve. The organization's objectives efficiently.

- **Mooney and Reiley** defines Coordination is an orderly arrangement of group efforts to provide unity of action in the pursuit of common goals.

- **Charles Worth** defines Coordination is the integration of several parts into an orderly hole to achieve the purpose of understanding.

- **Brech** defines Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with the harmony among the members themselves.

Need for coordination in management:

Co-ordination is an abstract of management. The purpose of coordination is to synchronize the functions of various sections for achieving organizational goals with minimum effort.

Coordination is that hidden force that links all the functions of the management, i.e. planning, organizing, staffing, directing and controlling.

Need for Coordination

We all are aware of the fact that there are several departments in an organization, such as Finance, Purchase, Production, Sales, Human Resource, Marketing, Research and Development etc. and the work of all the departments are interlinked and interdependent. Further, there are three levels in organizational hierarchy, wherein:

1. **Top-level**: Comprises of the Board of Directors, Chief Executives, Managing Directors, etc.

2. **Middle-Level**: Comprises of departmental heads and managers.

3. **Lowest-Level**: Comprises of supervisors, first-line managers and foreman.
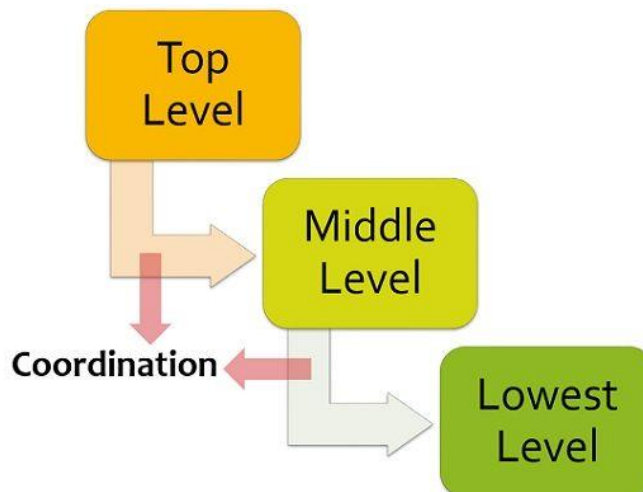
Coordination is a process, which ensures that various departments, units and levels of the organization work smoothly and continuously in tandem, i.e. in the same direction, towards the accomplishment of organizational goals, while effectively utilizing the resources.

It aims at involving all the elements of the company, in the plan, strategy or task, to get input from everyone and attain best results.

The need for co-ordination arises due to the following:

1. In every organization, the nature of work is such that it requires to be divided into homogeneous and specialized sub-tasks and then **without Integration and co-ordination the output of the organization will be nil**.

2. **Co-ordination applies to group effort** : rather than to individual effort. It gives importance to unity of effort and united action. The outcome of coordinated group efforts will be much better than the sum results of various individuals.

3. **Coordination motivates the employees:** to consider their work from the point of view of business and so the employees will willingly contribute towards the success of the concern. Therefore, **coordination is heartbeat of organization** which brings integration of efforts and action among employees in the organization.

4. **Coordination ensures efficiency and economy:** in the organization, enterprise to ensure smooth working. It also helps in saving of time by bringing efficiency and economy to the enterprise.

Importance of Coordination:

The importance of coordination is discussed below:

1. **Growth of organization**: As time passes, organization grows in size, resulting in an increased volume of work. There will be numerous employees to handle the work, which are hired for different departments. At times, the departmental goals are considered more important by them, as compared to the overall goal of the concern.So, coordination of activities, is useful in unifying all the people together, to focus on just one ultimate goal.

2. **Locational differences**: Big corporations are located at different locations, even in different countries, which do not allow people to meet and communicate frequently. In the absence of it, coordination helps in keeping all the units and offices, together, to work in sync.

3. **Diversification of business**: When a company decides to diversify its business, by entering into new markets with a new product, the company starts new divisions or

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ventures, to undertake the activities. Then also coordination plays a critical role, in reconciling the goals of the organization.

4. **Specialisation**: In specialization, tasks are assigned to the employees as per their expertise or specialization in the specific field. Coordination helps in bringing together all the talented and experienced employees together, to maintain a harmonious relationship between various groups.

5. **Synergy**: It is a universal fact that the combined effort of two people is always greater than those working separately. So, coordination combines the efforts of the firm which helps in achieving synergy.

Coordination keeps a balance in all the activities by ensuring the appropriate allocation of tasks to suitable persons, to realize the organization's objectives successfully.

Types of decisions

Decisions are part of the manager's remit. Difficult choices may have to be made for the common good of the organisation. There are three types of decision in business:

- strategic
- tactical
- operational
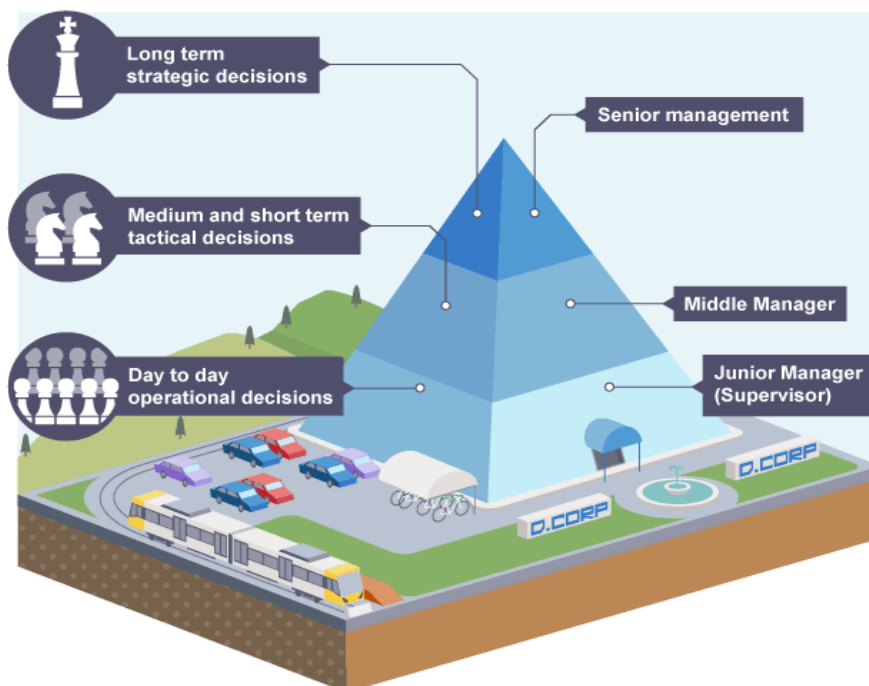
1. Strategic Level.

For making the decisions strategically, strategic information is very essential. This type of the information is very wholistic and un-structured in the nature. Strategic Information is obtained in huge amounts from the external environment. During this level, futuristic inputs are used as these help in the long – term planning.

The futuristic inputs generally include –
a. Emerging technologies
b. The competition
c. Consumer preferences
d. Socio – economic – political changes

2. Tactical Level

- Medium and short term planning is generally done with the help of the Tactical information that can be obtained from the middle management, budgets, fore – casts, analysis, cash / funds flow projections etc.
- The Tactical information can be obtained from the internal environment and also from the external environment.

Operational Level

- The people ranging from a shift to a day or a week or a month can be controlled or operated with the help of the Operational Information and this type of the Information provides a great look about what is currently happening around with – in the organization.
- The Tactical information is obtained from the internal sources and covers the certain product, specific activity and a smaller number of the people.

STRATEGY: Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources).

What is strategic management?

- Strategic management is the ongoing planning, monitoring, analysis and assessment of all necessities an organization needs to meet its goals and objectives.

- The strategic management process helps organizations take stock of their present situation, chalk out strategies, deploy them and analyze the effectiveness of the implemented management strategies.

Role of strategists

Strategists are individuals or groups who are primarily involved in the formulation, implementation, and evaluation of strategy. In a limited sense, all managers are

strategists. There are persons outside the organization who are also involved in various aspects of strategic management. They too are referred to as strategists.

We can identify nine strategists who, as individuals or in groups, are concerned with and play a role in strategic management.

1. Consultants
2. Entrepreneurs
3. Board of Directors
4. Chief Executive Officer
5. Senior management
6. Corporate planning staff
7. Strategic business unit (SBU) level executives
8. Middle level managers
9. Executive Assistant

A brief description of how the different strategists approach the process is outlined here.

1. **Consultants**: Many organizations which do not have a corporate planning department owing to reasons like small size, infrequent require-ments, financial constraints, and so on, take the help of external consult-ants in strategic management.

2. Entrepreneurs are promoters who conceive the idea of starting a business enterprise for getting maximum returns on their investment. They are waiting for an environment change and thereby for an opportu-nity to exploit the situation in their best interest.

3. Board of Directors are professionals elected on the Board of Di-rectors (BOD) by the shareholders of the company as per rules and regu-lations of the Companies Act, 1956. They are responsible for the general administration of the organization. They are supposed to guide the top management in framing business strategies for accomplishing predetermined objectives.

4. Chief Executive Officer: In the management circle, the chief executive is the top man, next to the directors of the Board. He occupies the most sensitive post, being held responsible for all aspects of strategic management right from formulation to evaluation of strategy.

5. Senior Management: Starting from the chief executive to the lev-el of functional or profit-centre heads, these managers are involved in various aspects of strategic management. Some of the members of the senior management act as directors on the board usually on a rotational basis. All of them serve on different top-level committees set up by the board to look after matters of strategic importance and other policy is-sues.

6. SBU level executives: "SBU" stands for strategic business unit. Under this approach, the main business unit is divided into different independent units and is allowed to form their own respective strategies.

7. Corporate-planning staff plays a supporting role in strategic management. It assists the management in all aspects of strategy formulation, implementation and evaluation. Besides this, they are responsible for the preparation and communication of strategic plans, and for conducting special studies and research pertaining to strategic management.

8. Middle level managers: They are basically operational planners they may, at best, be involved as 'sounding boards' for departmental plans, as implementers of the decisions taken above, followers of policy guidelines, and passive receivers of communication about functional strategic plans.

9. Executive Assistant: An executive assistant is a person who as-sists the chief executive in the performance of his duties in various ways.

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MCQ

1. Which of the following best defines controlling in management?
A) Establishing organizational goals
B) Evaluating performance and taking corrective actions
C) Planning future strategies
D) Motivating employees for higher productivity
Answer: B) Evaluating performance and taking corrective actions

2. Controlling in management is primarily concerned with:
A) Setting objectives
B) Allocating resources
C) Measuring results
D) Inspiring innovation
Answer: C) Measuring results

3. The need for controlling arises due to:
A) Efficient planning
B) Inadequate staffing
C) Uncertainty and change
D) Clear communication
Answer: C) Uncertainty and change

4. Which of the following is not a step in the controlling process?
A) Establishing standards
B) Comparing performance with standards
C) Rewarding employees
D) Taking corrective actions
Answer: C) Rewarding employees

5. The nature of controlling is:
A) Reactive
B) Proactive
C) Isolated
D) Predictable
Answer: B) Proactive

6. Controlling helps in:
A) Creating chaos
B) Increasing organizational efficiency
C) Avoiding planning
D) Decreasing employee morale

Answer: B) Increasing organizational efficiency

7. Which technology aids in real-time monitoring of organizational performance?
A) Cloud computing
B) Fax machines
C) Rotary phones
D) Typewriters
Answer: A) Cloud computing

8. Controlling involves:
A) Setting unattainable goals
B) Identifying deviations from standards
C) Micromanaging employees
D) Avoiding feedback
Answer: B) Identifying deviations from standards

9. The importance of controlling lies in its ability to:
A) Increase confusion
B) Minimize wastage
C) Encourage complacency
D) Discourage innovation
Answer: B) Minimize wastage

10. Which of the following is not a characteristic of an effective control system?
A) Flexibility
B) Timeliness
C) Complexity
D) Accuracy
Answer: C) Complexity

11.Controlling is closely linked with which other management function?
A) Organizing
B) Leading
C) Planning
D) Staffing
Answer: C) Planning

12. The process of controlling starts with:
A) Setting standards
B) Motivating employees
C) Recruiting new talent
D) Developing strategies
Answer: A) Setting standards

13. Which of the following is not a method of establishing control standards?
A) Historical data analysis

B) Benchmarking
C) Employee guesswork
D) Expert judgment
Answer: C) Employee guesswork

14. Continuous monitoring of performance is essential for:
A) Maintaining status quo
B) Preventing deviations
C) Avoiding feedback
D) Encouraging risk-taking
Answer: B) Preventing deviations

15. Which aspect is not considered during the controlling process?
A) Measuring performance
B) Setting goals
C) Taking corrective actions
D) Providing feedback
Answer: B) Setting goals

16. The primary objective of controlling is to ensure:
A) Compliance with regulations
B) Uniformity in operations
C) Achievement of organizational goals
D) Increased competition
Answer: C) Achievement of organizational goals

17. Which technology facilitates real-time data analysis for controlling purposes?
A) Artificial Intelligence
B) Telegraph
C) Smoke signals
D) Carrier pigeons
Answer: A) Artificial Intelligence

18. Controlling is aimed at:
A) Avoiding change
B) Encouraging inefficiency
C) Facilitating improvement
D) Stifling creativity
Answer: C) Facilitating improvement

19. Which of the following is not a benefit of effective controlling?
A) Increased profitability
B) Enhanced employee morale
C) Reduced accountability
D) Greater organizational stability
Answer: C) Reduced accountability

20. The controlling process involves:
A) Ignoring variances
B) Punishing employees
C) Taking corrective actions
D) Blaming individuals
Answer: C) Taking corrective actions

21. Controlling helps in:
A) Encouraging wastage
B) Promoting accountability
C) Discouraging innovation
D) Increasing bureaucracy
Answer: B) Promoting accountability

22. Which of the following is not a step in the controlling process?
A) Measurement
B) Comparison
C) Punishment
D) Correction
Answer: C) Punishment

23. Which factor does not contribute to the importance of controlling?
A) Complexity of operations
B) Global competition
C) Static business environment
D) Technological advancements
Answer: C) Static business environment

24. Controlling involves:
A) Setting unrealistic standards
B) Promoting ambiguity
C) Monitoring performance
D) Avoiding feedback
Answer: C) Monitoring performance

25. The controlling process is:
A) Linear
B) Cyclical
C) Random
D) Unpredictable
Answer: B) Cyclical

26. The primary purpose of controlling is to:
A) Stifle creativity
B) Achieve organizational objectives

C) Increase bureaucracy
D) Encourage micromanagement
Answer: B) Achieve organizational objectives

27. Which of the following is not an advantage of using technology in controlling?
A) Increased efficiency
B) Real-time monitoring
C) Reduced accuracy
D) Enhanced decision-making
Answer: C) Reduced accuracy

28. Controlling involves:
A) Ignoring performance
B) Setting unrealistic goals
C) Rewarding deviations
D) Correcting discrepancies
Answer: D) Correcting discrepancies

29. Which of the following is not a characteristic of an effective control system?
A) Timeliness
B) Flexibility
C) Rigidity
D) Accuracy
Answer: C) Rigidity

30. Controlling is essential for:
A) Increasing inefficiency
B) Decreasing accountability
C) Achieving organizational goals
D) Avoiding feedback
Answer: C) Achieving organizational goals

31. The controlling process involves:
A) Encouraging deviations
B) Setting vague standards
C) Comparing actual performance with standards
D) Ignoring variances
Answer: C) Comparing actual performance with standards

32. Which technology allows for remote monitoring of operations?
A) Virtual Reality
B) Carrier pigeons
C) Abacus
D) Smoke signals
Answer: A) Virtual Reality

Unit 4 - FUNCTIONS OF MANAGEMENT (CONTROLLING)

33. Controlling aims to:
A) Foster chaos
B) Minimize deviations
C) Encourage complacency
D) Reduce accountability
Answer: B) Minimize deviations

34. The nature of controlling is:
A) Reactive
B) Proactive
C) Isolated
D) Predictable
Answer: B) Proactive

35. Controlling involves:
A) Setting ambiguous goals
B) Promoting inefficiency
C) Monitoring performance
D) Avoiding corrective actions
Answer: C) Monitoring performance

36. The primary objective of controlling is to ensure:
A) Stagnation
B) Conformity
C) Organizational effectiveness
D) Employee disengagement
Answer: C) Organizational effectiveness

37. Which of the following is not a step in the controlling process?
A) Establishing standards
B) Taking corrective actions
C) Blaming employees
D) Measuring performance
Answer: C) Blaming employees

38. Controlling helps in:
A) Promoting accountability
B) Encouraging waste
C) Discouraging innovation
D) Increasing bureaucracy
Answer: A) Promoting accountability

39. Which factor does not contribute to the need for controlling?
A) Technological advancements
B) Employee motivation
C) Complexity of operations

D) Globalization
Answer: B) Employee motivation

40. Controlling is closely linked with which other management function?
A) Leading
B) Organizing
C) Planning
D) Staffing
Answer: C) Planning

41. The process of controlling starts with:
A) Taking corrective actions
B) Setting standards
C) Motivating employees
D) Developing strategies
Answer: B) Setting standards

42. Which of the following is not a method of establishing control standards?
A) Benchmarking
B) Employee guesswork
C) Historical data analysis
D) Expert judgment
Answer: B) Employee guesswork

43. Continuous monitoring of performance is essential for:
A) Encouraging deviations
B) Preventing wastage
C) Avoiding feedback
D) Discouraging risk-taking
Answer: B) Preventing wastage

44. Controlling is aimed at:
A) Promoting inefficiency
B) Facilitating improvement
C) Avoiding change
D) Stifling creativity
Answer: B) Facilitating improvement

45. Which of the following is not a benefit of effective controlling?
A) Reduced accountability
B) Enhanced employee morale
C) Increased profitability
D) Greater organizational stability
Answer: A) Reduced accountability

46. The controlling process involves:

A) Setting ambiguous goals
B) Punishing employees
C) Taking corrective actions
D) Avoiding feedback
Answer: C) Taking corrective actions

47. Controlling helps in:
A) Discouraging accountability
B) Encouraging waste
C) Promoting innovation
D) Increasing bureaucracy
Answer: C) Promoting innovation

48. Which of the following is not a step in the controlling process?
A) Measurement
B) Comparison
C) Rewarding deviations
D) Correction
Answer: C) Rewarding deviations

49. Controlling involves:
A) Ignoring performance
B) Promoting ambiguity
C) Monitoring performance
D) Avoiding feedback
Answer: C) Monitoring performance

50. The controlling process is:
A) Linear
B) Cyclical
C) Random
D) Unpredictable
Answer: B) Cyclical

51. Coordination in management is primarily needed to:
A) Increase competition
B) Achieve synergy among efforts
C) Foster conflict among employees
D) Encourage individualism
Answer: B) Achieve synergy among efforts

52. The importance of coordination lies in its ability to:
A) Create confusion
B) Enhance organizational efficiency
C) Promote silos within departments
D) Encourage duplication of efforts

Answer: B) Enhance organizational efficiency

53. Coordination is essential because:
A) Organizations operate in isolation
B) Employees work independently
C) Activities are interrelated
D) Departments function autonomously
Answer: C) Activities are interrelated

54. The primary role of coordination is to:
A) Foster chaos
B) Increase bureaucracy
C) Facilitate harmony
D) Promote conflicts
Answer: C) Facilitate harmony

55. Coordination helps in:
A) Encouraging inefficiency
B) Promoting accountability
C) Discouraging teamwork
D) Increasing conflicts
Answer: B) Promoting accountability

56. Which of the following is not a characteristic of effective coordination?
A) Clarity of goals
B) Centralization of authority
C) Timely communication
D) Mutual understanding
Answer: B) Centralization of authority

57. The need for coordination arises due to:
A) Isolated activities
B) Lack of resources
C) Diverse objectives
D) Limited communication
Answer: C) Diverse objectives

58. Coordination is essential for:
A) Increasing bureaucracy
B) Encouraging conflicts
C) Achieving organizational goals
D) Promoting individualism
Answer: C) Achieving organizational goals

59. Which technology aids in improving coordination among geographically dispersed teams?

A) Carrier pigeons
B) Smoke signals
C) Video conferencing
D) Telegraph
Answer: C) Video conferencing

60. Effective coordination helps in:
A) Encouraging silos
B) Reducing efficiency
C) Enhancing productivity
D) Creating barriers
Answer: C) Enhancing productivity

61. Strategic management can be best defined as:
A) Day-to-day operational management
B) Long-term planning and decision-making
C) Tactical adjustments
D) Routine administrative tasks
Answer: B) Long-term planning and decision-making

62. Strategic management involves:
A) Short-term focus
B) Reactive decision-making
C) Aligning organizational objectives with strategies
D) Narrow perspective
Answer: C) Aligning organizational objectives with strategies

63. The classes of decisions in strategic management include:
A) Routine decisions
B) Operational decisions
C) Strategic decisions
D) All of the above
Answer: D) All of the above

64.Which level of decision-making is primarily concerned with day-to-day operations?
A) Strategic level
B) Tactical level
C) Operational level
D) Functional level
Answer: C) Operational level

65. Strategy refers to:
A) Short-term goals
B) Specific tactics
C) Long-term plans to achieve objectives

D) Routine activities
Answer: C) Long-term plans to achieve objectives

66. The role of a strategist involves:
A) Focusing solely on short-term goals
B) Reacting to environmental changes
C) Formulating and implementing strategies
D) Avoiding risk-taking
Answer: C) Formulating and implementing strategies

67. Strategic management is concerned with:
A) Day-to-day activities
B) Reactive decision-making
C) Long-term planning
D) Micro-level details
Answer: C) Long-term planning

68. Which class of decisions involves setting objectives and goals for the organization?
A) Operational decisions
B) Tactical decisions
C) Strategic decisions
D) Functional decisions
Answer: C) Strategic decisions

69. Strategy formulation involves:
A) Implementing plans
B) Analyzing external environment
C) Focusing only on short-term goals
D) Reacting to changes
Answer: B) Analyzing external environment

70. The strategist plays a crucial role in:
A) Avoiding change
B) Encouraging complacency
C) Guiding the organization towards its objectives
D) Micromanaging employees
Answer: C) Guiding the organization towards its objectives

71.Why is coordination needed in management?
A) To increase conflicts
B) To create chaos
C) To minimize duplication of efforts
D) To encourage silos within the organization
Answer: C) To minimize duplication of efforts

Unit 4 - FUNCTIONS OF MANAGEMENT (CONTROLLING)

72.What is the importance of coordination in an organization?
A) It promotes individualism
B) It reduces communication
C) It enhances efficiency
D) It encourages departmental rivalries
Answer: C) It enhances efficiency

73.Coordination helps in:
A) Ignoring interdependencies
B) Fragmentation of efforts
C) Aligning activities towards common goals
D) Encouraging autonomy in decision-making
Answer: C) Aligning activities towards common goals

74.Which of the following factors does not contribute to the need for coordination?
A) Complexity of organizational activities
B) Clear communication channels
C) Interdependence among tasks
D) Autonomous decision-making
Answer: B) Clear communication channels

75.Effective coordination results in:
A) Increased confusion
B) Reduced collaboration
C) Improved efficiency
D) Enhanced bureaucracy
Answer: C) Improved efficiency

76.What is the primary role of coordination?
A) To promote chaos
B) To encourage decentralization
C) To facilitate goal achievement
D) To discourage teamwork
Answer: C) To facilitate goal achievement

77. Coordination involves:
A) Fragmentation of efforts
B) Ignoring interdependencies
C) Harmonizing activities
D) Creating barriers to communication
Answer: C) Harmonizing activities

78.Which technology aids in enhancing coordination among geographically dispersed teams?
A) Fax machines
B) Carrier pigeons

C) Video conferencing
D) Smoke signals
Answer: C) Video conferencing

79.Coordination is essential for:
A) Promoting individualism
B) Encouraging conflicts
C) Achieving synergy
D) Increasing isolation
Answer: C) Achieving synergy

80.What is the main outcome of effective coordination?
A) Increased bureaucracy
B) Reduced conflicts
C) Decreased efficiency
D) Enhanced departmental rivalries
Answer: B) Reduced conflicts

81.What does strategic management involve?
A) Short-term goal setting
B) Reacting to immediate challenges
C) Long-term planning and decision-making
D) Day-to-day operational tasks
Answer: C) Long-term planning and decision-making

82.Which of the following is not a class of decision in strategic management?
A) Tactical
B) Operational
C) Functional
D) Short-term
Answer: D) Short-term

83.The levels of decision in strategic management include:
A) Top, middle, and bottom
B) Immediate, intermediate, and ultimate
C) Individual, group, and organizational
D) Strategic, tactical, and operational
Answer: D) Strategic, tactical, and operational

84.Strategy in strategic management refers to:
A) A detailed plan for day-to-day operations
B) A long-term plan of action to achieve organizational goals
C) A reactive approach to market changes
D) A focus solely on financial targets

Answer: B) A long-term plan of action to achieve organizational goals

85.What is the role of a strategist in strategic management?
A) Avoiding risks
B) Emphasizing short-term gains
C) Analyzing internal and external environments
D) Minimizing innovation
Answer: C) Analyzing internal and external environments

86.Strategic management aims to:
A) Promote inefficiency
B) Encourage short-sightedness
C) Achieve organizational goals
D) Avoid competition
Answer: C) Achieve organizational goals

87.Which technology facilitates data-driven decision-making in strategic management?
A) Smoke signals
B) Abacus
C) Big data analytics
D) Telegraph
Answer: C) Big data analytics

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Answer: C) Long-term planning and decision-making

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B) Operational
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C) Functional
D) Short-term
Answer: D) Short-term

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