

## 5.1 CONTROLLING

### 5.1.1 Meaning & Definition

Control is the process through which managers assure that actual activities conform to planned activities.

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

#### Nature & Purpose of Control

- Control is an essential function of management
- Control is an ongoing process
- Control is forward – working because past cannot be controlled
- Control involves measurement
- The essence of control is action
- Control is an integrated system

### 5.1.2 Control Process

The basic control process involves mainly these steps as shown in Figure



**Fig: 1 The basic control process**

*Source: JAF Stoner, Freeman R.E and Daniel R Gilbert — “Management”*

#### a) The Establishment of Standards:

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the

deviations.

Examples for the standards

- Profitability standards: In general, these standards indicate how much the company would like to make as profit over a given time period- that is, its return on investment.
- Market position standards: These standards indicate the share of total sales in a particular market that the company would like to have relative to its competitors.
- Productivity standards: How much that various segments of the organization should produce is the focus of these standards.
- Product leadership standards: These indicate what must be done to attain such a position.
- Employee attitude standards: These standards indicate what types of attitudes the company managers should strive to indicate in the company's employees.
- Social responsibility standards: Such as making contribution to the society.
- Standards reflecting the relative balance between short and long range goals.

**a) Measurement of Performance:**

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

**b) Comparing Measured Performance to Stated Standards:**

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

### **c) Taking Corrective Actions:**

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable.

At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems - the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

### **d) Barriers For Controlling**

There are many barriers, among the most important of them:

- Control activities can create an undesirable overemphasis on short-term production as opposed to long-term production.
- Control activities can increase employees' frustration with their jobs and thereby reduce morale. This reaction tends to occur primarily where

management exerts too much control.

- Control activities can encourage the falsification of reports.
- Control activities can cause the perspectives of organization members to be too narrow for the good of the organization.
- Control activities can be perceived as the goals of the control process rather than the means by which corrective action is taken.

### **Requirements For Effective Control**

The requirements for effective control are

a) Control should be tailored to plans and positions

This means that, all control techniques and systems should reflect the plans they are designed to follow. This is because every plan and every kind and phase of an operation has its unique characteristics.

b) Control must be tailored to individual managers and their responsibilities

This means that controls must be tailored to the personality of individual managers. This because control systems and information are intended to help individual managers carry out their function of control. If they are not of a type that a manager can or will understand, they will not be useful.

c) Control should point up exceptions as critical points

This is because by concentration on exceptions from planned performance, controls based on the time honored exception principle allow managers to detect those places where their attention is required and should be given. However, it is not enough to look at exceptions, because some deviations from standards have little meaning and others have a great deal of significance.

d) Control should be objective

This is because when controls are subjective, a manager's personality may influence judgments of performance inaccuracy. Objective standards can be quantitative such as costs or man hours per unit or date of job completion. They can also be qualitative in the case of training programs that have specific

characteristics or are designed to accomplish a specific kind of upgrading of the quality of personnel.

e) Control should be flexible

This means that controls should remain workable in the case of changed plans, unforeseen circumstances, or oversight failures. Much flexibility in control can be provided by having alternative plans for various probable situations.

f) Control should be economical

This means that control must worth their cost. Although this requirement is simple, its practice is often complex. This is because a manager may find it difficult to know what a particular system is worth, or to know what it costs.

g) Control should lead to corrective actions

This is because a control system will be of little benefit if it does not lead to corrective action, control is justified only if the indicated or experienced deviations from plans are corrected through appropriate planning, organizing, directing, and leading.

### Types Of Control Systems

The control systems can be classified into three types namely feed forward, concurrent and feedback control systems.



**Fig 2: Types of Control Systems**

*Source: JAF Stoner, Freeman R.E and Daniel R Gilbert — “Management”*

a) **Feed forward controls:** They are preventive controls that try to anticipate

problems and take corrective action before they occur. Example – a team leader checks the quality, completeness and reliability of their tools prior to going to the site.

- b) Concurrent controls:** They (sometimes called screening controls) occur while an activity is taking place. Example – the team leader checks the quality or performance of his members while performing.
- c) Feedback controls:** They measure activities that have already been completed. Thus corrections can take place after performance is over. Example – feedback from facilities engineers regarding the completed job.

