

# Lesson 5 – Controlling

EN 5106 – Fundamentals of Management & Entrepreneurship

**Level III - Semester 5**

# Intended Learning Outcomes

**At the end of this lesson, you will be able to:**

- Define the concept of organizational control
- Know the process of management control
- Identify different types of organizational controls
- Identify different methods of organizational controls

# The Concept of Organizational Control

Organizational control refers *to the systematic process of regulating organizational activities to make them consistent with the expectations established in plans, targets, and standards of performance*

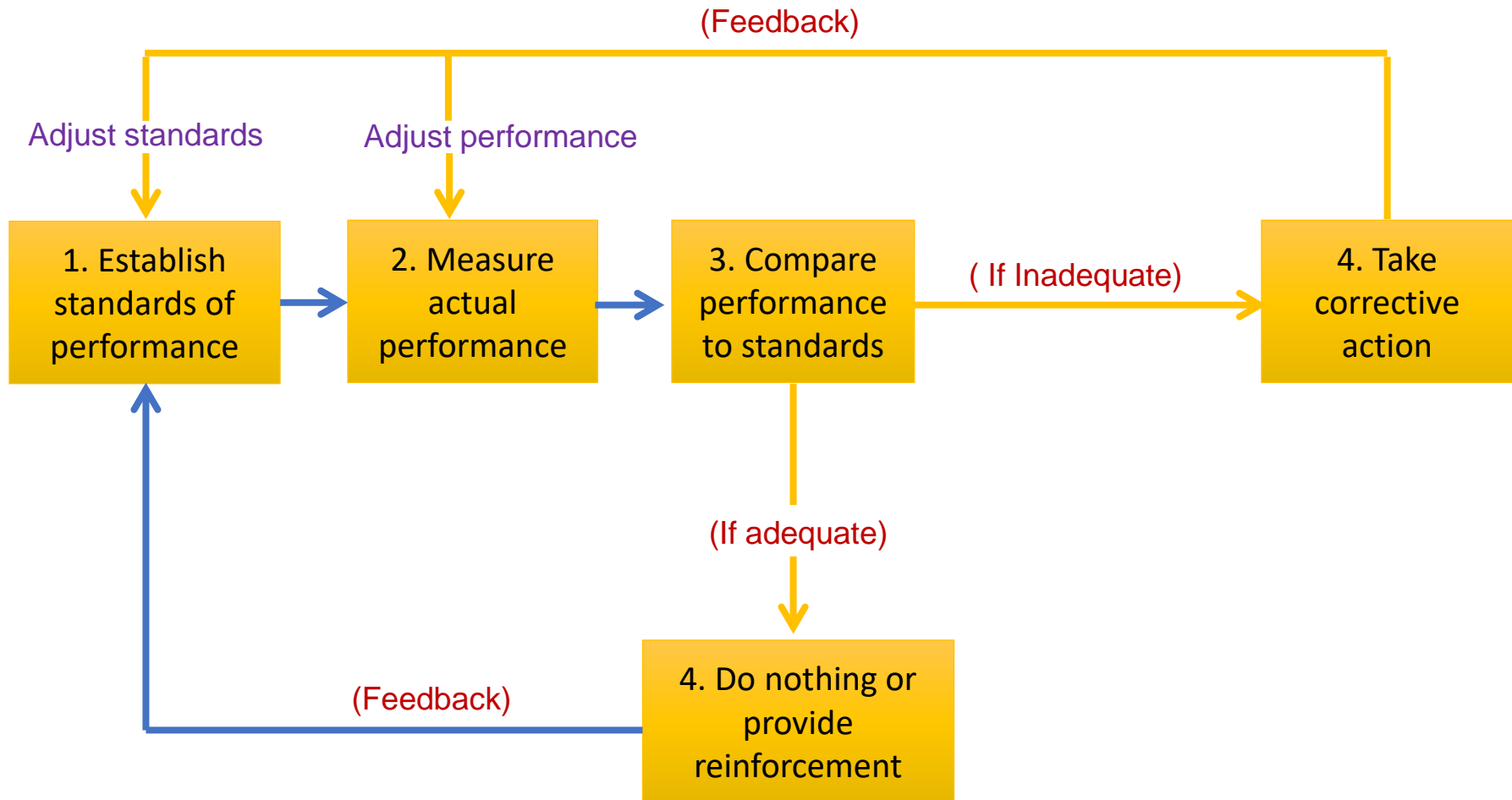
The essence of control is *action which adjusts operations to predetermined standards, and its basis is information in the hands of managers*

# The Concept of Organizational Control.....

Control suggests the operations of checking, testing, regulation, verification, or adjustment

As a management function, *control is the process of taking the necessary preventive or corrective actions to ensure that the organization's mission and objectives are accomplished as effectively and efficiently as possible*

# The Process of Management Control



# Different Types of Organizational Controls

**Input Controls/Feed-forward Controls** – active anticipation and prevention of problems, rather than passive reaction (what can we do ahead of time to help our plan succeed?)

**Process Controls/Concurrent Controls** – monitoring and adjusting on-going activities and processes to ensure compliance with standards

**Output Controls/Feedback Controls** – checking a completed activity and learning from mistakes. This permits managers to use information on past performance to bring future performance into line with planned objectives

# Different Methods of Organizational Controls

**Financial Controls** – used with financial dimensions **e.g.** Financial Statements Analysis; Ratio Analysis; Financial Budget; Financial Audit

**Non-Financial Controls** – used with non-financial dimensions  
**e.g.** Non-financial Budget; Non-financial Audit; Production Control Methods; Human Resource Control

# Different Methods of Organizational Controls...

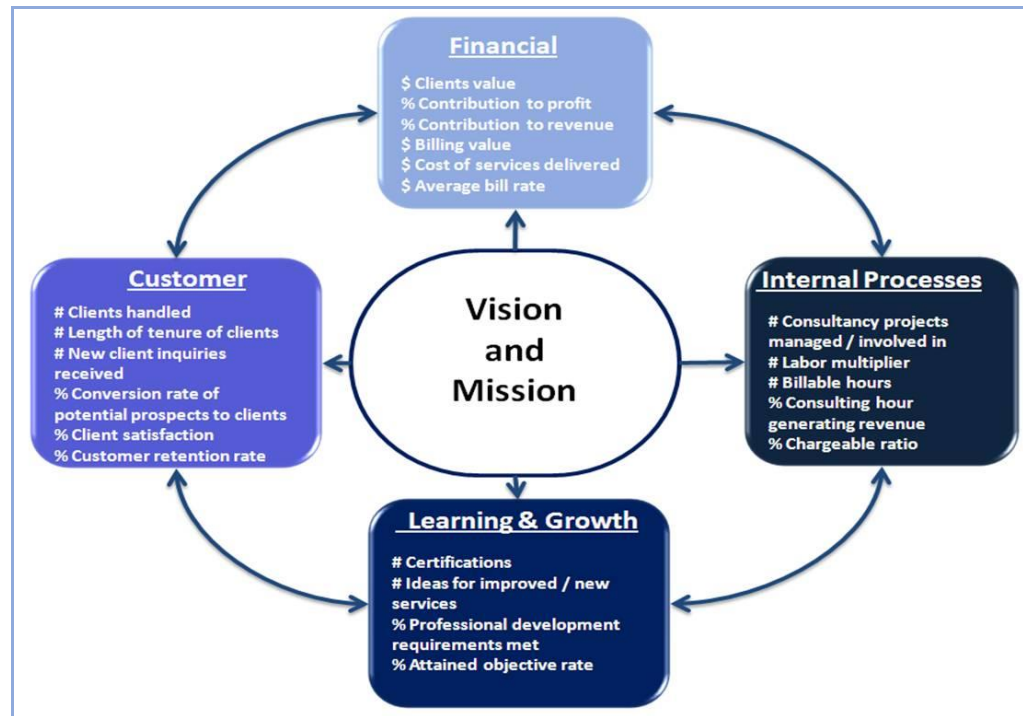
**The Open-Book Management** – is one important aspect of decentralized control in organizations. This allows employees to see for themselves-through charts, computer printouts, meetings, and so forth- the financial condition of the company. Employees are rewarded according to performance, they become motivated to take responsibility





# Different Methods of Organizational Controls...

**The Balanced Scorecard** – contains four major perspectives: financial performance, customer service, internal business processes, and the organization's capacity for learning and growth



# Questions and Answers ??//

**Thank you very much!**

