



Chapter 9

Elements of Control

1) Nature of Control

Controlling is one of the managerial functions. **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.**

Control is the regulation of organizational activities so that some targeted element of performance remains within acceptable limits.

Without controlling, organizations do not know how well they are performing in relation to their goals. Control, keeps the organization moving in the proper direction.

1) Nature of Control

So the function of controlling helps to achieve the desired goals by planning. Management must, therefore, **compare actual results with pre-determined standards and take corrective action of necessary.**

At any point in time, it compares where the organization is in terms of performance (financial, productive, or otherwise) to where it is supposed to be.

2) Importance of control:

Controlling is regarded as an important management function. Every manager needs to perform it. Proper controlling measures are often found to be helpful in improving the effectiveness of the other functions of the management.

The importance of controlling in any organization:

1. **Controlling is implemented with the purpose of achieving the organizational objectives.** Controlling detects any kind of deviation and accordingly corrective actions are implemented. **This helps in reducing the gap between expected and actual results.**
2. **An organization has to cope with many changes in the environment,** such as new products and technologies or changes in strategies of the competitors.

2) Importance of control:

3. Controlling allows the manager in **minimizing the wastage of resources and ensuring proper utilization of the available resources.**
4. Managers always **compare** the work done with a set of provided standards defined for the work that will lead to **accurate determination of process efficiency.**
5. Controlling leads to **better decision making and improves the overall performance of the organization.**
6. In an organization **employees** are **motivated** and are also aware that their performance is judged using some **set of standards.**
7. Controlling enables employees to be bound by the **rules which reduce unprofessional behavior in the organization.**
8. Controlling provides a **common direction to all the activities** of the organization

3. Levels of Control

1. **Operations control** focuses on the **processes the organization uses to transform resources into products or services**. **Quality control** is one type of operations control.
2. **Financial control** is concerned with the **organization's financial resources** for example, monitoring receivables to make sure customers are paying their bills on time.
3. **Structural control** is concerned with **how the elements of the organization's structure are serving their intended purpose** for example to make sure staff expenses do not become excessive.
4. **Strategic control** focuses on how effectively the **organization's corporate, business, and functional strategies** are succeeding in helping the organization **meet its goals**.

4) The Controlling Process

The control process is a process for organizational control that arises from the goals and strategic plans of the organization.

4 Steps of Control Process are;

1. Establishing standards and methods for measuring performance.
2. Measuring performance.
3. Determining whether performance matches the standard.
4. Taking corrective action.

4) The Controlling Process

- 1) **Establishing Standards:** Performance match Corrective Actions Do Nothing Standards are simply the criteria of performance. Managers must translate plans into performance standards. Standard elements form measurable objectives and are especially important for control.

These performance standards can be in the form of goals, such as revenue from sales over a period of time, time customers have to wait in the queue at a bank. **The standards should be attainable, measurable, and clear.**

4) The Controlling Process

2. Measuring the Performance

The measurement of performance against standards is important so that **deviations** could be corrected. It could be done on a forward-looking basis so that deviations may be **detected** in advance of their occurrence and avoided by appropriate actions.

Several methods are used for measuring the performance of the organization.

If standards are appropriately set up and if means are available for determining exactly what subordinates are doing, **appraisal of actual or expected performance is fairly easy**. However, there are many activities for which it is difficult to develop accurate standards, and there are many activities that are hard to measure.

It may be quite simple, for example, to establish labor hour standards for the production of a mass-produced item and it may be equally simple to measure performance against these standards.

4) The Controlling Process

3. Determining whether Performance Matches the Standard

Determining whether performance matches the standard is an important step in the control process. It involves **comparing the measured results with the standards already set.**

Managers must determine why standards were not met. This step also involves determining whether more control is necessary or if the standard should be changed.

If performance matches the standard then everything is under control. In such a case the managers do not have to intervene in the organization's operations.

4) The Controlling Process

4. Taking Corrective Action

This step becomes essential **if performance falls short of standards and the analysis indicates that corrective action is required. Taking corrective action** should be taken after the reasons for deviations have been determined; managers can then **develop solutions** for issues with meeting the standards and make changes to processes or behaviors. The corrective action could involve a change in one or more activities of the organization's operations. For example, a bank manager might discover that more counter clerks are needed to meet the customers waiting.

9) Effective control system

To develop an effective control system without error for the organization; these principles must be followed.

1. Matching controls to plans and position.
2. Ensuring flexibility to control.
3. Ensuring accuracy.
4. Seeking objectivity of controls.
5. Achieving the economy of controls.
6. Tailoring control to individual managers.
7. Fitting the system of control to the organizational culture.
8. Ensuring corrective action through control.

9) Effective control system

The objective of control as a concept and process is to **help motivate and direct employees in their roles**. Understanding managerial control process and systems is essential for the long- term effectiveness of an organization.

Good management control system is essential for the success of an organization Good control means that management can be confident that no major unpleasant unexpected events will occur. A good management control still allows for some probability of failure.

A perfect control occurs where there is complete assurance that all the controls put in place by management are flawless, and all the individuals whom the organization must rely always act in the best possible way.

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- 1. Differences between manager and a leader?**
 - 2. Importance of Leadership:**



Thank you...,
