

## Module - 5

# DIRECTING AND CONTROLLING

## Direction

the process of directing involves guiding, coaching, instructing, motivating, leading the people in an organisation to achieve organisational objectives.

Directing is said to be the heart of management process. Planning, organising, staffing have got no importance if direction function does not take place. Direction initiates action and it is from here actual work starts. In simple words, it can be described as providing guidance to workers in doing work. In field of mgt, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently.

Directing is a managerial function performed by all the managers at all levels of the organisation. Direction is an action initiating function of management.



## ELEMENTS OF DIRECTING

Elements of directing refers to supervision, motivation, communication and leadership. These four elements help in the achievement of organisational goals effectively.

- 1 Supervision
- 2 Motivation
- 3 Communication
- 4 Leadership

Supervision + Motivation + Communications + Leadership = Directing

### 1. Supervision:

Guiding, observing, and instructing the employees at work is known as Supervision. A supervisor gives instructions to his workers to do the work in an efficient way so that resources can be used appropriately and the organisation achieve the desired goals.



## 2. Motivation :

Motivation refers to inspiring the workers towards their job/work. This is the responsibility of the manager or superior that he should motivate his subordinates towards the accomplishment of the given task. With motivation, employees perform their duties by heart and if they are satisfied with their job then they will be retained for a long period of time.

## 3. Communication :

Exchange of ideas, views, messages and information between two or more people is known as Communication. In the organisation it should be effective otherwise confusion will be created. It is a two way process - (sender sends the message and receiver receive the message).

## 4. Leadership :

The process of influencing people to accomplish their goals is called leadership. A good leader is a person who knows the way and who shows the way in the



right direction. In the organisation, a leader only performs one function - Directing (Giving direction, observing the employees, and provide guidance).

## CONTROLLING

Controlling is an important function of mgt which all the managers are required to perform. Controlling is the process of ensuring that actual activities conform to planned activities. planning and controlling are closely related.

Controlling is a process of monitoring, comparing, correcting performance and taking actions to ensure desired results. It sees to it that the right things happen, in the right ways, and at the right time.

### Definition

"Controlling is the measuring and correcting of activities of subordinates to ensure that events conform to plans".

Koontz and O'Donnell



## Process of controlling or steps in Control

### Step - 1 : Establishment of standards :

The process of control starts with the establishment of a standard of performance. The std of performance must be practically attainable and should be the basis of comparison with actual performance.

### Step - 2 : Measurement of actual performance :

Once the standards are fixed, the next step is to measure the actual performance. Generally, it is conducted by the managers to analyse the overall efficiency level of the employees. While measuring the performance, objective and reliable methods should be used.

### Step - 3 : Comparing Actual performance with standards :

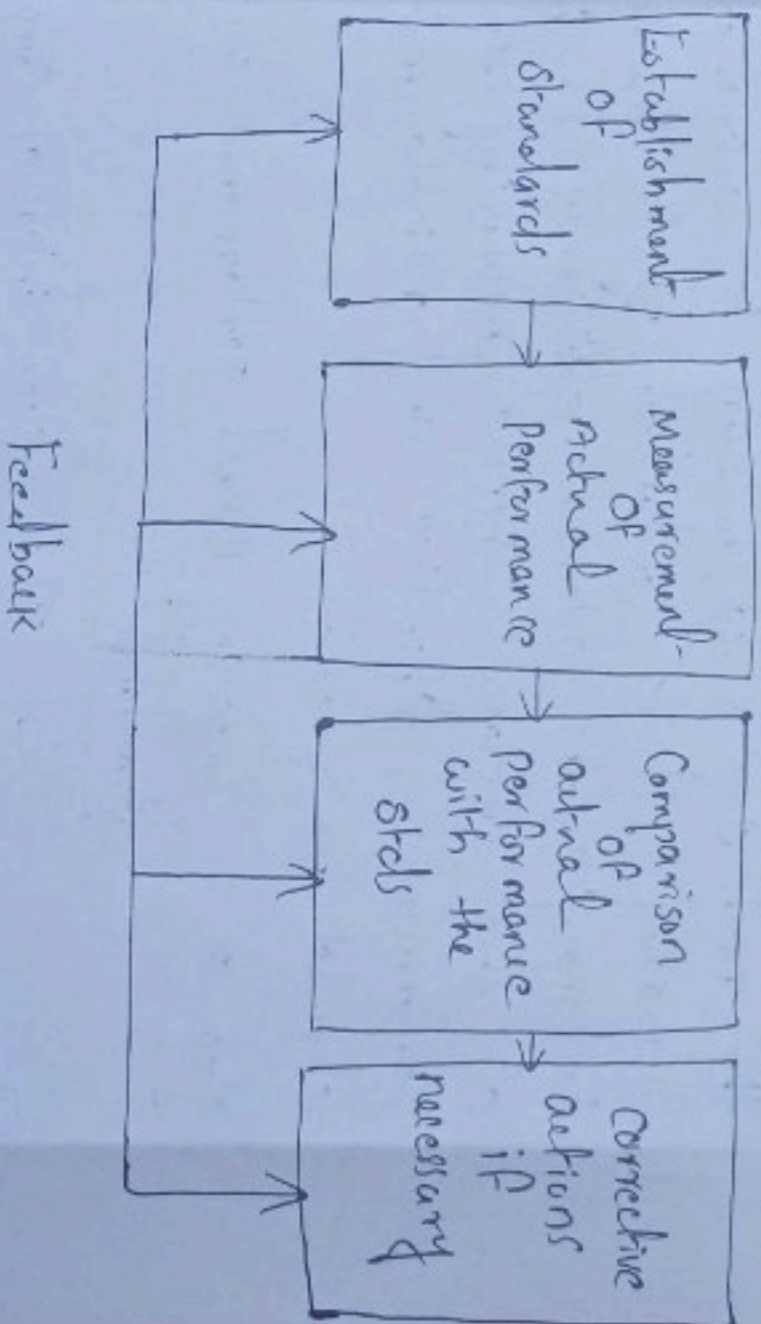
This step involves comparison of actual performance with the stds. Such comparison helps in revealing the deviations between actual and desired results.



#### Step-4: Taking Corrective Action:

This is the final step in which manager takes corrective measures to bring back everything on track in the organization i.e. according to set plans.

Corrective action may involve training of employees, hiring labour for extra time, replacement of machinery, etc. Sometimes, if deviations cannot be corrected despite the best efforts of managers, standards may be revised.



## METHODS OF ESTABLISHING

### CONTROL

The techniques of establishing

control can be mainly classified into two;

- > Traditional Techniques
- > Modern Techniques.

### Traditional Methods

Traditional techniques of control generally focus on non-scientific methods. They are;

- Budgetary Control:

Budget is an estimate of future needs. It helps in evaluating actual performance.

A budget is an important tool of planning and control of future activities.

- Cost Control:

Consists of techniques such as;

1. Cost accounting:

Cost accounting is the process of accounting for cost. It is the formal mechanism by means of which cost of products or services



are ascertained and controlled.

### 2. Standard Costing:-

It is a method of cost accounting which std costs are used in recording certain transactions and the actual costs are compared with the std costs to find out the amount and the reasons of variations from the stds.

### 3. Break-Even point analysis:-

It is an analysis of three different factors - Cost, sales-volume and profit. The volume of sale at which there is no profit or loss is known as breakeven point.

### • Financial ratio analysis:-

All business organisations prepare profit and loss a/c and Balance sheet to reveal the financial position of the organisation.

Ratio analysis is the relation between various elements of financial statements expressed in mathematical terms.

### • Internal audit:-

Auditing is careful examination of accounts and other documents. Internal auditing ~~for the~~ is the auditing for the mgt. Conducted



by the staff, specially appointed for the purpose, to ensure that the work of the concern is going on smoothly, efficiently and economically.

• Statistical Control :

This control technique rests on the science of statistics and sampling methods. The statistical data is analysed in which the use of percentages, averages, probability and trend analysis is made.

> Non-Traditional / Modern methods of Control :

• Return on investment :-

ROI Can be used to measure the overall performance of an organisation or of its individual departments or divisions.

• Management audit :-

Mgt audit refers to a systematic appraisal of the overall performance of the mgt of an organisation.

• PERT and CPM :-

PERT (Programmed evaluation and review technique) and CPM (critical path method) are important network techniques useful in planning and controlling.



## • Management Information System (MIS) :-

MIS is an approach of providing timely, adequate and accurate information to the right person in the organisation which helps in taking right decisions.

## • Responsibility accounting :-

It is a system of accounting where different sections, departments and divisions are set up as responsibility centres for carrying out the various tasks assigned to them. The head of the centre has the responsibility to meet the targets of his centre.

### Traditional Techniques

- Budgetary control
- Cost control
- Financial ratio analysis
- Internal audit
- Statistical control

### Modern Techniques

- Return on Investment
- Responsibility accounting
- Mgt audit
- Mgt information system
- PERT and CPM

## Techniques of Controlling