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CONTROLLING: THE TECHNICALITY APPROACH

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Abstract

Controlling represents the implementation of corrective actions that support planning and decision-making. The aim of this paper is to explain managerial control and its impact on organizations. In management, controlling is dynamicin setting performance standards, measuring performance, comparing the performance from goals and standards, and taking corrective actions. Organizations use different types of control such as feedback control, concurrent, and feedforward control to reduce errors, maintain standard necessary in achieving organizational goals.When an organization discovers ghost workers on their payrolls. This risk could be minimized by developing a control system that reveals most of the errors listed in the payroll, germane to accounting department and the human resources department. Management should take corrective measures to transform resources into output and to minimize unethical behaviour among the employees.

Keywords:

Controlling, measuring performance, setting standards, taking corrective actions

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Introduction

Managers have a major task to handlecircumstances intelligently and take corrective action before any damage is done to the organization. It is throughcontrolling function of management that the organization could be rescued from collapse. Controlling does not only helpin measuring the progress of activities but also ensures that activities conform to standard and organizational goals.Koontz and O'Donnell (1972) described controlling as measurement of achievement and the correction of deviations for the purpose of accomplishing objectives.Controlling refers to a process that measures performance, compare performance, with goals or standard and take corrective measures to ensure that the actions conform to plans (Goetz, 1979). Indeed, controlling is a management function that monitors the activities of individuals and various departments ensuring that the performances conform to plans and standards. These corrective measures include changes in leadership, improving workers welfare, increase the number of employees, derivative plans, changing the organizational structure, and redeployment of employees. The essence of control is important for human activities and machines that create feedback. For instance, a thermostat that is used for regulating the speed of refrigerator or steam engine usually correct the condition through feedback. Automatic voltage regulator is also used in controlling or regulating power supply to electronics and air-condition. Without control systems in verifying if performance is directed towards goals attainment, the organization and machines could experience low productivity. However, most organizations have not considered control device or mechanism as a necessity because the employees perceive it as restriction on their freedom. Designing effective control system is very necessary for organizations which enables managers to ensure that activities conform to plans or set objectives. The aim of this study is to examine the impacts of controlling on organizations.

Literature Review

Controlling

Controlling entails inspectionof the progress against the plans, setting up of individual and organizational goals, and ensure that they are achieved without any mistake (Snell,1992).Controlling relates to guide activity and ascertain if the instructions issued are implemented to achieve a set objective. Ordinarily, controlling consists of substantiating whether activities occur in conformity with the plans adopted, the instructions issued, and the principles established (Thompson,1967).The control process certifies that the plans are being implemented properly. The purpose of controlling in business is to identify weaknesses, errors, in order to rectify them and prevent reoccurrence.Holden et al. (1981) declared that controlling is the final link in the functional chain of management activities that brings the management into effective operation.Apparently, controlling is essential to find out the deviations between the actual performance and the standard performance accompanied with corrective actions that prevent such variances in future.

Features of Controlling

i. **Control is future oriented:** Control is preventive action that guides against wastages, mistakes, losses and deviations from standards. It predicts the future through corrective measures to set standards whenever deviations or variations occur. A control process measures performance and compare performance from the established goals or standard which are directed towards the future and preventing failures.

ii. **Quick in reporting deviation:** The success of automatic voltage regulator and thermostat is to detect the deviation or high voltage by controlling and correcting the errors. Indeed, controlling helps managers to find out deviations or variance quickly and take corrective measures immediately. It is through effective appraisal and information system that deviation may be disclosed.

iii. **Executive process:** The ability to exercise control comes from the superior or managers to the subordinates. It is the managers that perform control functions such as administrative control, inventory control production control and quality control that contribute to the achievement of organizational goals.

iv. Control is interrelated and interdependent of all functions of management.

v. Controlling involves setting standards, measuring performance, comparison of actual performance with standards and taking corrective actions.

Process of Controlling

Creating Goals and Standards

Most organizations function with primary aim of making profit and achieving growth. These goals are converted into objectives or subgoals which the workers and the departments within the organizations plan to achieve. A company goals may be to increase its profitability by operating with the objectives of selling scraps, eliminating waste, introducing new products and producing in large quantities. Ordinarily, standard means the condition or criteria used in measuring results and performance. Standard is also the routine operations of what the organization is expected to achieve. For example, a company may operate with the standard that all the employees must be paid on or before 29 days and customers inquiries must be replied within 24 hours. Standard could be set through quality, fast delivery, volume of products, hours of work per day, investment, costs and revenue. Organizations need to establish right goals and standards that will not give room for unethical behaviour among the workforce. In setting goals, the right duty should be allocated to competent employees and units so that mistakes may not be created (Koontz and O'Donnell, 2005).When goals are assigned to individuals who lack the responsibilities, mistakes and low performance are likely to occur.

Measuring Performance

Measuring performance connotes the personal observations and sample checking of employees work attitude against failures (Drucker, 1974).After the goals, objectives, and standards have been effectively established, assessment of the workers performance must be done to check if their efforts have achieved results. The performance of employees needs to be monitored or measured against any deviation. In measuring performance, it assists managers to evade circumstances which cause the company’s loss. Measuring performance starts before or after completion of the job. For instance, if a department has a target or objective of making 5 million naira in a month. The manager owes a duty to inspect the work attitude of the workers to ensure that the 5-million-naira target is accomplished. Ordinarily, measuring performance is not a common task it requires information system where data are collected, dissemination of information, daily reports on store sales, and reports stating the actual performance which may be arranged in daily, monthly, and annual form. The manager must leave his office and move within the department to evaluate the performance of workers if it is directed towards accomplishing the goals. The workers performance may be determined or measured through test, appraisal, the number of outputs, the time a worker use in producing a unit of output and the level of customer satisfaction.

Comparing the Performance from Goals and Standards

A typical control process requires to compare the commitment of workers against the targets of the company or what was expected to achieve. Comparing the performance commences when the work is completed to ascertain the difference in individual work behaviour. Argyris (1957) noted thatcomparing performance entails finding out the degree of deviations and identifying the causes of such deviations. Comparing performance denotes knowing the difference or change between the actual performance and the standard for the manager to accept or reject the product. In comparing performance, management owes a duty to find out if the various departments and the employees are doing their jobs very well to maintain existing standard and progress in the organization. If the performance of the employees is same as that of the standard performance, then no actions are required to be taken but in case the performance does not correspond with the standardthen the manager is required to take the corrective actions(Douglas,1960). For example, if a sales manager has a standard or target to make 10 million naira within two months using five sales officers, and they are expected to achieve a target of 2 million naira from each salesperson. It is the responsibility of the sales manager to control their actions in comparing the actual performance of each sales officer with standards laid down in order to find the deviations. Nevertheless, if reported performance meets or exceeds goals and standards, managers must find the reasons for such favorable performance or variance and provide reinforcement such as incentives, salary increase, and motivational opportunities. Similarly, if the company observed low sales the manager may meet with workers in production department and the distributors to improve sales goals.

Taking Corrective Actions

This arises when there is variance or deviation from the performance and standards. If the organization fails to meet its goals or profit target, change strategy should be introduced to improve the operating productivity of the organization. For example, if the employees refuse to meet work target the organization through the manager should take corrective measures like issuing queries to defaulting workers and redeploy the incompetent workers. When a manager detects deviations is important for him to take corrective actions quickly that restores quality service and efficiency in the organization. The corrective action employed by managers appear to be successful when embedded with several factors such as review of plans and goals, redeployment of employees, change in organization structure, assignment of new tasks and change in styles of leadership.

Methods of Control

i. **Control over policies**: Policies are formulated to guide thinking, behaviour and action of employees in the organization. It may be written and the success of any organization depends on the extent to which its policies are implemented. Indeed, policies are basically controlled through policy manuals which are prepared by top management. The policy manuals control and guide the civil behaviour of workers.

Management has control over all the policies to either set aside or continue the implementation.

ii. **Control on wages and salaries:** Government and employers of labour exercise control over wages and salaries which are feasible by having database of job evaluation and wage and salary analysis. This task is done by personnel or human resources department and industrial engineering department. Besides, wage and salary committee are created to provide assistance to these departments. When the organization discovers ghost workers on their payrolls. This risk could be minimized by developing a control system that reveals most of the errors listed in the payroll germane to accounting department and the human resources department.

iii. **Control over personnel:** Ordinarily, human resources or personnel manager controls all the placement and transfer of workers with other related activities within the human resources department. For example, the personnel manager prepares annual leave schedule or letters to employees who are to go for annual leave. This department develops time card which is used in controlling the movement of employees during work hours and break period.

iv. **Control over costs:** Cost accountant exercises control by providing information for setting standard costs for material, labour, overheads, calculating actual costs and stating the differences between the actual cost data and standard cost. Cost control helps the organization to know the types of budgets to implement.

v. **Control over organization:** Control over organization is realized through the design of organization chart and organization manual. Thus, organization manual is essential for solving organizational problems and conflicts among the work group. organization structure specifies reporting relationships that describes individual functions, authority and physical facilities to achieve goals. It identifies the flow of authority and responsibility that enables the employees to know their superior, their associates and those to report to. Nevertheless, if organization is built on a poor structure or no control system it affects the behaviour and business objectives.

vi. **Control over capital expenditure:** Control over capital expenditure is demonstrated through the evaluation of projects, inspection of projects especially on the basis of its relevance to mankind and the society. A capital budget is needed in business for effective control and to monitor subsequent budget activities. It may be reviewed by the budget committee or appropriation committee. Having control over the capital expenditure enables the manager or public office holders to implement the budgets and minimizes unfinished projects.

Types of Control

i. **Feedback control:** Feedback control relates to reactions from past activities and taking steps to improve similar activities or action in the future. Feedback control is otherwise known as post-action control which examined activities that are performed and check if they conform to standard. Feedback permits managers to use information regarding the past activity to improve performance in future which is consistent to predetermined objectives (Ouchi, 1978). Similarly, the essence of feedback control is essential for human activities and machines that are exposed for services and manufacturing of goods. For instance, a thermostat that is used for regulating the speed of refrigerator or steam engine usually correct the condition through feedback. Automatic voltage regulator is also a feedback control device used in regulating or distributing power supply to electronics, fridges and air-conditions.

ii. **Concurrent control:** The process of monitoring and adjusting ongoing activities and processes is known as concurrent control. Concurrent controls are dynamic engagement in a current process where observations are made in real-time. Such controls are not necessarily proactive, but they can prevent problems from getting worse. For this reason, we often describe concurrent control as real-time control as it relates to current. A set of procedures are implemented to monitor project execution in order to find and solve problems or potential problems in a timely manner.

iii. Feedforward control:
Feedforward is an aspect of control that detects errors or deviations from the standards in advance of their occurrence. It is a process control which forestalls problems allowing corrective actions to be taken in solving the problem.

iv. **Behavioural control:** Behavioural control entails direct assessment of managerial and employee decision making excluding the output from the managerial decisions. Behavioural control is branded with rewards of diligent employees to which the balanced scorecard is appropriate in determining the relationship between manager's decisions and organizational performance. It is also applied when there are many external and internal factors that influence business which the managers must manage as well as resources and capabilities across different business initiatives.

v. **Financial and non-financial controls:** Financial control relates to management of a company's costs and expenses so that they could be consistent with budgetary amounts (Terry & Franklin,2000). Meanwhile, organizations adopt financial control measures with the aim of estimating its financial position like sales, profitability, investment and assets. Indeed, financial control involves reconciliation of bank statements on a monthly basis to prevent unapproved withdrawals and payments. It also requires competitive bidding process for purchases and goods should be purchased from approved list of vendors. Financial control is essential in forecasting the budget as well as to compare actual performance with budgetary performance. Non-financial control monitors the performance outcomes of an organization such as customer loyalty, customer patronage, employee satisfaction and rate of redeployment. Non-financial control assists the managers to have information relating to the progress of the organization before measuring financial results.

Conclusion

Controlling is an essential management function thatenables individuals and organizations to monitor performance and take corrective actions towards achieving their objectives. Management control is very crucial at all levels of the organization. This study captured the meaning, features, types of controlling, and the process of controlling. Control is a critical function in the workplace as negative or devastating consequences may happen if the employees fail to meet the established standards of performance. For example, poor inventorycontrol could lead to product shortage, and poor company image. When organizations have poor quality control, it mayresult incustomers dissatisfaction, negative profitability, and bankruptcy.Management should take corrective measures to transform resources into output and minimize unethical behaviour among the workforce.

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