



**POWERHOUSE
LEADERSHIP AND
MANAGEMENT
TRAINING CENTER**

EASAW ALEMAYEHU ASSEFA

SEPTEMBER 20,2019



ESSENTIALS OF MANAGERIAL CONTROLLING

EASAW ALEMAYEHU, PHD CANDIDATE

SEPTEMBER 20, 2019

Abstract



Control is a management role done by managers at all levels of an organization who are accountable for the work allocated to them while also exercising regular control over their subordinates to guarantee goal attainment. Management control, according to the business dictionary, is one of the management functions aimed at attaining a company's declared goals within a specific timeframe. Setting standards, assessing actual performance, and taking remedial action are all common definitions of managerial control. As a consequence, the purpose of this training is to discuss the idea of control trends that we identified in the professional and scientific literature, as well as to present the results of the training connected to the application management control function by various Ethiopian enterprises. The principles offered in this training material were developed from information discovered in published peer-reviewed studies on Google Scholar, as well as Easaw Alemayehu Assefa's twenty years of leadership experience.

I am confident that the workshop's participants and readers of this power point will comprehend critical managerial controlling issues.

Contents


1. Introduction

2. Concept of controlling

3. Steps in controlling

**4. Controlling and
management by exception**





1. Introduction: Control involves setting up standards of individual and organizational performance, checking actual performance against these standards to make sure that the objectives are being achieved as originally anticipated in organization's plans.

It has for object to point out weakness and errors in order to rectify them and prevent recurrence. It operates on everything- things, people and action.

1.1 Definition:

"Control," according to E.F.L. Breach, "is the process of comparing actual performance to agreed-upon standards or goals in order to ensure appropriate progress and satisfying results."

"The managerial function of controlling," according to Koontz and Weihrich, "is the measurement and correction of performance to ensure that enterprise objectives and the plans made to achieve them are achieved."





1.2 Characteristics of Control: The characteristics of control are as follows:

1.2.1. Control does not curtail the rights of individuals: Control is a preventative measure that ensures further losses are avoided.

Its purpose is to get the most out of all of an organization's resources and maintain a reasonable level of production.

1.2.2. Pervasive Function: Control is a follow-up activity to other management functions.

This function must be performed by managers at all levels in order to contribute to the attainment of organizational objectives.

1.2.3. Review of Past Events: Control leads to a re-evaluation of previous actions. The control process exposes previous deviations.

Feedback data is another term for this. It will assist in determining what is causing bad performance.

1.2.4. Forward Looking: Because the past cannot be controlled, control is tied to the future.

Only in the case of future operations can a management take corrective action.

The presence of a control system tends to minimize wastages, losses, and deviations from norms, hence control is preventive.





1.2.5. Action-oriented: Only when corrective action is implemented based on feedback data does the goal of control become a reality.


A good control system allows for prompt action, resulting in the least amount of time and energy wasted.

1.2.6. Continuous Process: It entails a continuous examination of the validity of standards, policies, and procedures, among other things.

It also provides ways to improve various procedures.

Along with other responsibilities, a manager must fulfill this role on a continuous basis.

1.2.7. Dynamic Process: Control entails a regular assessment of performance criteria, which leads to corrective action, which may result in changes in other management activities.



Managerial control is dynamic as well, because management is in charge of a constantly developing commercial entity.



1.3 Relationship between Control and Planning:

1.3.1. Uncover Deviations: Control is required once a plan is put into action in order to track progress, identify deviations from the goals, and take corrective action.

It's also impossible to imagine an effective control system without strong planning in place.

1.3.2. Control is based on planning: The control process, in turn, may expose plan flaws and need plan amendment.

It might also lead to new goals being defined, improved personnel, and changes in supervision, incentive, and leadership tactics.



1.3. 3. Controlling improves the process of planning: Control is the process of reviewing performance and taking corrective action to ensure that goals are met.



Before the actual operation, planning must be completed, and control must adhere to the plans both during and after the operation.

Controlling experience will aid in the planning process improvement.

2. Concept of controlling:

2.1. Accomplishing Organizational Goals:

Controlling allows irregularities to be discovered quickly and remedial action performed.


Controlling aids in the achievement of the organization's goals in this way.

2.2. Judging Accuracy of Standards: A

manager compares actual job performance to standards while performing the management function. He attempts to determine if the established standards are equivalent to or superior to the general norms. They are redefined if necessary.



2.3. Making Efficient Use of Resources:
Controlling allows you to make the most of your people and physical resources. Similarly, wasting in all physical resources is monitored.



2.4. Improving Employee Motivation:
Because they know their job performance will be reviewed and if the progress report is good, they will have their identity established in the organization, the installation of controlling motivates all workers to work with entire commitment. Controlling serves as a motivator in this way.



2.5. Ensuring Order and Discipline, Order and discipline are maintained by control.

All negative actions, such as theft, corruption, job delay, and uncooperative attitude, are curtailed as a result of its implementation.

2.6. Facilitating Coordination in Action: In order to successfully fulfill the organization's objectives, coordination across all of the organization's divisions is required.

The organization's departments are all interconnected.

3. Steps in controlling:

Any control system must have the following basic steps:

3.1. Establishment of standards

3.2. Measurement of performance

3.3. Comparing performance with the standards

3.4. Taking corrective action





Feedback

Meets
Standards

Setting
Standards
(Planning)

Operations
(Organizing,
staffing,
directing)

Measurement
of
Performance

Does not
meet
standards

Feedback

Feedback

Corrective
action

3.1. Establishment of Standards: Standards should be set explicitly and quantitatively wherever possible.

It's worth noting that creating standards is inextricably tied to and a necessary aspect of the planning process.

Planning is, in reality, the foundation of control.

3.2. Measurement of Performance: In circumstances where standards have been specified in numerical terms, quantitative measurement should be carried out.

This will make assessment simple and straightforward.



3.3. Comparing Performance with Standards:

When quantifiable standards are established, such as in manufacturing and marketing, comparison is simple.

Direct human observation, inspection, and reporting are a few ways that may be utilized for assessment in other circumstances where the results are intangible and cannot be assessed numerically.

3.4. Taking Corrective Action:

This will entail management making decisions such as redefining goals and standards, as well as reassigning or clarifying responsibilities.

It might also entail a change in the way personnel are selected and trained.






3.3. 1 Types of control:

A. Strategic Controls: Strategic control is involved with monitoring the plan's implementation, discovering any issue areas or possible problem areas that would indicate that the strategy is erroneous, and making any required revisions.

B. Operational Control: In contrast to strategic control, operational control is concerned with putting the strategy into action.

When operational controls are implemented, they must work within the strategy's structure.

Goals, objectives, and standards are often created for significant subsystems within an organization, such as business units, projects, products, functions, and responsibility centers.



4. Management By Exception - Meaning:
Management by exception (MBE) is a control theory that states that managers should only be notified of a situation if control data shows a considerable divergence from norms.

4.1 Definition:

It is the practice of only bringing information to management's attention that reveals a considerable departure of actual outcomes from budgeted or intended results.

Its goal is to help management concentrate on the most critical tactical and strategic responsibilities.

Decisions that cannot be taken at one level of management are passed on to the next higher level of management in MBE.



4.2 Controlling and management by exception - Concept: The idea is that management's attention will be focused solely on issues that need to be addressed.

Managers can focus on a single problem when they are alerted of a deviation and delegate the rest of the work to personnel.

If no issues are raised, management can presume that everything is proceeding as planned.

4.3 Use of management by exception:

First and foremost, it entails a more efficient use of the manager's time.

Using MBE with computers, in particular, saves time for managers by bringing to their notice just those circumstances that appear to require managerial action.

Second, MBE encourages employees to use their discretion when doing their duties.

They can continue to work as they see fit as long as they stay within the stated boundaries.

References

1. Zamecnik, R., & Rajnoha, R. (2015). Strategic business performance management on the base of controlling and managerial information support. *Procedia Economics and Finance*, 26, 769-776.
2. Voronkova, O. V., Kurochkina, A. A., Firova, I. P., & Yaluner, E. V. (2016). Innovative managerial aspects of the potential of material-technical base and the formation of controlling mechanism in the management of the enterprise potential development. *The Journal of Internet Banking and Commerce*.
3. Cambalikova, A., & Misun, J. (2017). The importance of control in managerial work.
4. Enqvist, J. (2005). Managerial ownership, controlling shareholders and firm performance. *University dissertation from Göteborg University*.
5. Robertson, S. M. (1988). Debenture Holders and the Indenture Trustee: Controlling Managerial Discretion in the Solvent Enterprise. *Harv. JL & Pub. Pol'y*, 11, 461.
6. Yarovaya, N. V., Vorkunova, O. V., & Ryabovolenko, N. V. (2014). Controlling—coordination instrument for managerial decision-making on pricing. *Modern directions of theoretical and applied researches*, 7-11.
7. Gilson, R. J., & Gordon, J. N. (2003). Controlling controlling shareholders. *U. Pa. L. Rev.*, 152, 785.
8. Berkovitch, E., Israel, R., & Spiegel, Y. (2000). Managerial compensation and capital structure. *Journal of Economics & Management Strategy*, 9(4), 549-584.





Thank You