

# Chapter Review

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## Controlling Performance

### Objectives...

- 1 distinguish the concepts of coordination and control
- 2 explain the nature and importance of control
- 3 with reference to contingency theory and strategic (managerial) choice explain how and why control strategies vary between organisations
- 4 contrast common techniques for control

### Key Terms

<b>budget</b>	A financial plan to manage the spending and saving of money
<b>Control</b>	Ensuring plans are properly executed; assuring the organization functions as planned
<b>Controlled performance</b>	setting standards, measuring performance, comparing actual with standard and taking corrective action if necessary
<b>cybernetic system</b>	a system with reference to the components and operation of feedback control (see self-regulation)
<b>Diagnostic control system</b>	Formal information systems used to monitor organizational outcomes and correct deviations from preset standards of performance
<b>Formal Management Controls</b>	a firm's budgeting and reporting activities that keep people higher up in a firm's organizational chart informed about the actions taken by people lower down in the organizational chart
<b>Informal Management Controls</b>	include a firm's culture and the willingness of employees to monitor each others' behavior

33. No amount of planning and organising will assure that goals are attained. Control is therefore the essential final step in the management process to ensure that things proceed as planned or that unrealistic plans and targets are revised, where appropriate. As the final step in the management process, controlling provides the critical link back to planning. There are many purposes for control such as assuring goals are attained, employees empowered and motivated and organisational resources protected. There are also many business aspects that can be controlled, from plans, through behaviour to the raw materials and transformational resources of the organisation. This chapter has emphasised the control of employee behaviour and their performance in relation to organisational goals but made reference to other targets for control. A key aspect of control is to enable the organisation to function as planned, to minimise disruption, enable coordination and integration and help the organisation to adapt to its environment.